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CREDIT

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Contents for MARCH, 1937

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Redistributing responsibility

We hear much today about the redistribution of wealth. Perhaps it is time that we think somewhat about the redistribution of responsibility for government. It was never intended that the affairs of government should be confined to any one profession.

To the credit of that profession, namely the legal profession, let it be said that its *influence* in affairs of government is a reward for its *interest* in affairs of government. There is, however, a growing feeling that, in these days of wide economic and social changes, men of all lines, with various types of background and training, must meet to solve these problems.

Our laws are enacted in the main by lawyers who control, to a considerable degree, the legislatures of the various states and constitute a large portion of the members of the House and the Senate. In the administration of these lawyer-made laws we generally find lawyers entrusted with the responsibility. For the interpretation of our laws there is the judiciary, which is made up of lawyers.

It may well be time for the responsibilities of government to be distributed over a wider range of groups. It would certainly be interesting to review the work of a Congress composed of men and women who, in the majority, are not attorneys. It would be a worthy experiment to find more laymen in governmental positions that deal with the administration of the acts of Congress.

Without entering the current controversy as to the desirability or necessity of Supreme Court changes, I believe that the personnel of the Supreme Court might well include one or possibly two whose training and background are in fields other than the law. For the most part, however, this court's personnel must be reserved for the legal profession. Such non-lawyers on the bench, as I have suggested, would be expected, of course, to have a working knowledge of law and legal processes.

I do not contend that all lawyers view problems in the same light but they do have in common a certain type of education and training and they thus approach these problems, in some respects, from a common legalistic viewpoint. In our consideration of government and its personnel, we may do well to consider some redistribution of responsibility.

Executive Manager, N.A.C.M.

WILFORD L. WHITE, Chief, Marketing Research Division, U. S. Department of Commerce, tracks down

The consumer's dollar

In textbooks, economics is divided into two broad fields: production and consumption. Having made that distinction, the author of practically any such book proceeds to limit himself to several hundred pages on his concepts of production. It has only been within recent years that the ultimate consumer of our economic goods and services has been given much conscious attention.

The spotlight of attention is being thrown upon the ultimate consumer, the only excuse for our entire economic order, from several different angles. Advertisers want to select the strongest and most subtle appeals. Competitors want to know why they are not receiving a larger share of his business. Self-appointed organizations are attempting to protect and educate the consumer. The Federal government is trying to establish reasonable standards upon which the consumer can predicate his desires for goods and services.

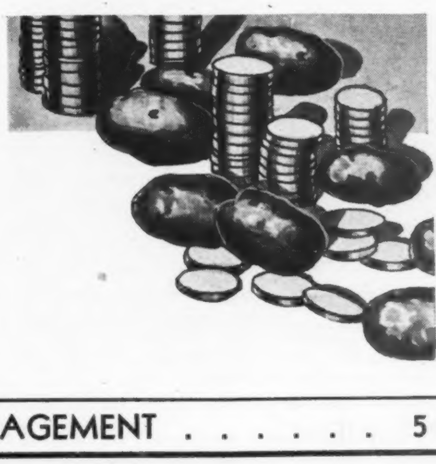
The consumer, aware of the controversies which today rage in his behalf, goes on about his business of producing and consuming, largely unaffected and uninterested in the increased desire to give him exactly what he wants or should have. For after all, most Americans are primarily producers and secondarily consumers.

Nevertheless, with a production capacity in this country which is larger than our effective means or current consumption, the consumer can cloak his desires with new authority and the manufacturer or distributor who does not keep an eye on him may find himself without a profitable market.

Before starting on an expedition to hunt out the devious path of the consumer's dollar, let us pause for a moment and take a look at the consumer himself. There are about 128 millions, classified into nearly 32 million families. A decrease in the size of the family, an increase in the average age of the individual, redistribution geographically, stabilization in numbers, and a shift in occupations are bringing and will continue to bring about fundamental changes in buying habits and distribution policies and methods.

In my opinion, these changes will bring on keener competition among the products already on the market; they will stimulate the introduction of new competing merchandise; and, finally, they will encourage the invention, production, and distribution of new kinds of goods, of which we are, at the present, entirely unaware. The wants and desires of man are by no means entirely satisfied.

Of the total amount of national income paid out in 1935, 67 per cent was for the compensation of employees, 16 per cent profits of individual business men, 8 per cent interest, 5 per cent dividends, and 3 per cent rents and royalties. The bulk of the money paid out by our economic order is received by laborers, using that term in its broader sense. This fact gains significance when it is realized that the bulk of these workers spend their pay checks almost as fast as they are received. Provisions for insurance, savings, and old age are limited except among those in the higher income brackets.



One other aspect of income can be mentioned in passing; that is, the distribution of income at different income levels. Based upon a 10 to 14 per cent sample in 52 cities and covering 1933, a depression year, almost 50 per cent of these urban families had an income during 1933 of less than \$1,000, accounting for slightly less than 20 per cent of the total income reported. From another point of view, over two-thirds of the income reported was earned by families with individual incomes ranging from \$1,000 to \$4,500.

With these facts in mind, about the consumer and his income, we are in a better position to consider the immediate question of "Where does the consumer's dollar go?" This question, in turn, can be resolved into three topics: (1) the range of these expenditures—as found in family budgets, (2) the movement of consumer goods through the distribution channels—ending with the consumer, and (3) the allocation of expenses—attached to this process.

Family budgets.—Family expenditures are made partly on the basis of necessity and partly on the basis of desire. The following figures, collected by the Bureau of Labor Statistics, and covering 1933-34 in four instances and 1934-35 in one, throw some light upon this phase of the question, "Where does the consumer's dollar go?" These figures were collected from over 1,350 families of wage earners and lower-salaried workers in five cities. The families averaged less than four people for each of the five

cities; their average current expenditures ranged from about $1,300 to $1,600 for the year involved.

These wage earners and lower-salaried worker families distributed their expenditures about as follows: Food, 32 per cent; clothing, 11 per cent; housing, 15 per cent; household operation, 12 per cent; furnishings and equipment, 4 per cent; transportation, 9 per cent; recreation, 5 per cent; medical care, 5 per cent; with several other items such as education and community welfare accounting for the remainder.

Recognizing that these families reported about average incomes, were of about average size, and lived in five selected cities, you can evaluate the facts that approximately 74 per cent of their expenditures were paid out for food, clothing, and the use of a home, including its operation and upkeep. You will also note that roughly 9 per cent of their expenditures went for transportation, presumably the ownership and operation of an automobile.

Movement of consumer goods through distribution channels.—If we had budget studies covering all families in the country, a tabulation of them would look much like census data for retail sales, provided allowance is made for such items as savings, insurance, and so on. It is not surprising, therefore, to find combination grocery stores accounting for the largest volume of dollar sales of any kind of store reported by the Census for 1933, the highest per capita dollar sales ($25), and the second largest number of stores. The average combination grocery store served 896 men, women, and children, during 1933.

During this same year, there were more filling stations than retail outlets of any other type. On the average, each one served fewer citizens than any significant type, although the per capita sales for that year equalled $12.

The average department store served the largest number of men, women, and children—over 35,000 each—with a per capita expenditure of about $20. The average variety store, on the other hand, served over 10,000 citizens in 1933, with per capita sales of a little more than $5. While the average drug store only served slightly more than 2,000, its sales per capita average $8.

Not only is the student of household expenditures interested in the relative importance of the different kinds of stores which the consumer frequents but also in the various types of retail institutions. Figures are available for 1929 and 1933. In both years, the independents accounted for slightly less than 90 per cent of the retail outlets, chains for slightly more than 9 per cent, and all other types, as classified by the Census Bureau, the negligible remainder. The change from 1929 to 1933 in each classification was not significant.

In 1929, the relative importance of the sales of these establishments was about as follows: independents, 78 per cent; chains, 20 per cent; mail order houses, 1 per cent; consumer cooperatives, two-tenths of one per cent. In that year, according to the census, these cooperatives accounted for one-tenth of one per cent of the stores and two-tenths of one per cent of the retail sales of the United States. All other types accounted for the balance.

Between 1929 and 1933, however, chain sales gained at the expense of independent sales, rising to over 25 per cent of the total. Unfortunately, no figures are available for consumers' cooperatives in 1933.

Allocation of expenses.—In the last analysis, the main purpose in asking and attempting to answer this question of "Where does the consumer's dollar go?" is to determine not merely through whose hands it goes but how much each fellow who handles it takes for his own services.

Recently, Professor Paul D. Converse made some over-all estimates for the year 1929, covering what he called wealth produced by marketing. His conclusion was an estimate of 39,423 million dollars. Of this sum, 35 per cent represented the cost of operating retail stores, 19 per cent the cost of running our wholesale establishments, 27 per cent the marketing cost of manufacturers, 14 per cent for transportation costs, and the balance of 5 per cent for miscellaneous distribution services.

By way of comparison, the total value added by production, as estimated by Doctor Converse for the year 1929, less the estimated marketing costs of producers, equalled 36,169 millions or approximately 8 per cent less than his total estimated marketing costs. Or,

to put it in other words, for each dollar which was spent on the distribution of goods, only 92 cents was spent on their production.

Another approach to this same question would be to determine the path of a consumer's dollar as it moved backward from retailer to wholesaler to manufacturer in the purchase of some particular commodity.

Quite recently the Department of Agriculture issued a bulletin on the subject of "Price Spreads Between the Farmer and Consumer." This study is based upon published prices for selected edible agricultural products or edible products made from the products of the farm. The proportion of the consumer's dollar which was retained by the farmer in 1935 is given for about forty items. For a lesser number, similar figures are given for 1925 and 1915.

For the year 1935, according to this report, the farmer received less than 10 per cent of the consumer's dollar on one item (soda crackers); 10 to 20 per cent on 14; 20 to 30 per cent on 7; 30 to 40 per cent on 12; 40 to 50 per cent on 5; 50 to 60 per cent on 4; 60 to 70 per cent on 1, (eggs).

In comparing the figures from 1915 to 1935, there is no clear cut trend although there is a slight tendency for the margins kept by the farmer to decrease. When comparing only 1925 and 1935, that tendency is very marked. Out of 25 products for which figures are printed for both years, the farmer's margin declined in 19 cases, rose in 4, and remained the same in 2.

Since these figures, however, do not tell the entire story, the Bureau of Foreign and Domestic Commerce developed data for several classes of products showing the proportion of the consumer's dollar going to each handler.

Taking canned fruit, for example, and assuming that it moves from the cannery to the wholesaler and retailer, the breakdown is: materials, 45 per cent; value added by manufacture, 27 per cent; wholesale margin, 8 per cent; and retail margin, 20 per cent; totalling 100 per cent. Or, if you want to take some typical druggist's preparation, we have: materials, 17 per cent; value added by manufacture, 38 per cent; wholesale margin, 10 per cent; retail margin, 35 per cent. One more example will be sufficient: men's shoes. Material costs equal about 29 per cent; value added by manufacture, 26 per cent; wholesale margin, 10 per cent; and retail margin, 35 per cent.

Where does the consumer's dollar go? We do not know. Possibly 5 or 10 years from now we may be able to point with pride to a finished statistical report which will contain all the implied answers to this question. Today, we have surprisingly few data of any wide application. The subject has been neglected. Many necessary figures have been considered confidential.

Business men and critics of our present economic order alike have had little sound data upon which to build a defense of their economic thinking. The result is that it has been impossible to distinguish between waste in distribution and legitimate expense of distribution.

Before we can eliminate waste, we must separate it out statistically. When business men are willing to survey as thoroughly, the field of distribution costs, as they have production costs, they may find that many expenses which now appear to be legitimate, then will disclose themselves as waste. Eliminate waste, and there is much of it in distribution, and you will continue to have legitimate marketing costs which will appear high to many uninformed consumers unless they are taken collectively into the confidence of the distributors and told exactly why 40 to 60 per cent of their dollar is expended in moving commodities from the point of manufacture to the point of consumption, holding them there until called for, and in assuming the risks which are involved.

Until business men are willing to present the consumer with the facts about the importance of distribution, they must not be surprised if some of their customers assume that the costs of distribution represent a total economic waste and that the most practical solution is production for use instead of production for profit.

Round the world there is a growing interest in the costs of distribution.

Douglas-Gendreau

BRACE BENNITT, N.A.C.M., and Secretary, National Bankruptcy Conference outlines

Today's bankruptcy situation

Few federal or state statutes do not require modernization from time to time. Our National Bankruptcy Act is no exception. Perhaps the Bankruptcy Act has been subjected to more attempts at revision than any other of the important laws affecting business. It is a matter of pride that our Association had a very important part in drafting the original Bankruptcy Act, has stood guard to oppose every harmful revision, and has urged a number of definite improvements during the 39 years since the Bankruptcy Act was first adopted. It seems quite possible that the present year will mark another mile post in bankruptcy legislation progress.

For several years the National Association of Credit Men has been collaborating with the other organizations making up the National Bankruptcy Conference (Credit and Financial Management, March, 1936) in this important work. This work has been recently augmented and strengthened by the added collaboration of the Securities and Exchange Commission and the counsel for the Senate Committee investigating bankruptcy law and practice.

This has brought about a collective reconsideration of the Chandler Bill, introduced last year, which represented the deliberations of the National Bankruptcy Conference. Known as "The Big Bill" to differentiate it from the mass of little bills annually presented, it will again this year, upon introduction, command the lion's share of interest by business and consideration by Congress and administrative departments of the Federal government.

The Securities and Exchange Commission is interested in matters affecting corporate reorganizations. Its work in this connection is under the fine direction of Commissioner W. O. Douglas. The S.E.C. may become a definite regulatory and advisory body in the future, handling estates under reorganization.

The McAdoo Committee, which for two years has been investigating bankruptcy practice, has had issued by its counsel an exceptionally fine report with many meritorious suggestions.

This committee's findings will also, without question, be very much respected when Congress takes up its bankruptcy deliberations. In addition, the Department of Justice and Treasury Department continue to be interested and are influential factors.

Congress is fortunate in having exceptionally able representation on the Judiciary Committees. Chairman Ashurst of the Senate Judiciary Committee

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Permit me to congratulate you on opening up the subject of "THE MEMORANDUM" as I believe that out of such discussion can come only good, for with the tremendous potential business on the horizon, it will call for the best in sales and credit efforts.

The work your magazine is doing in helping to bring about orderly discussions of both Credit and Sales Departments is admirable as it tends to broaden the viewpoint of both the Credit Manager and the Sales Manager.

Very truly yours
THOS. F. MOLONEY,
Credit Manager,
Stroheim & Romann,
New York, N. Y.

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will, undoubtedly, continue his subcommittee on bankruptcy under the able direction of Senator Frederick Van Nuys of Indiana, who will have associated with him Senator Hatch of New Mexico and probably Senator Austin of Vermont. Chairman Hatton W. Sumners of the House Judiciary Committee will continue with Congressman Walter Chandler of Tennessee as Chairman of the sub-committee on bankruptcy law. With Mr. Chandler on this committee will again be associated such able men as Representatives McLaughlin of Nebraska, Michener of Michigan, and others.

The Chandler Bill to modernize the Act will be substantially the same as H.R. 12889 (74th Congress) which was approved by the National Association of Credit Men at its 1936 Convention and by other representative bodies. It may not include Corporate Reorganization which, in that event, will be introduced as a separate bill after present deliberations are completed. Corporate Reorganization is of greatest interest to business and at the same time is most controversial. It is generally agreed, however, by all those having to do with bankruptcy law and practice that there has been now sufficient experience to warrant substantial improvement and change.

It is interesting to note that 77B, originally brought in as an emergency relief measure, now seems to be destined to become a permanent statute. Such a step perhaps is in line with the constructive interpretation that the Bankruptcy Act should become a vehicle for rehabilitation as well as for equitable liquidation.

The modernization of the Act under the proposed Chandler Bill as now outlined would provide:

1. Improved composition procedure.
2. Increased efficiency in administration.
3. Curb on the abuses of equity receiverships.
4. More effective discharge provisions.
5. Easier enforcement of criminal provisions.
6. Clearer sections relative to preferences, liens, set-offs and the title of the trustee.
7. More workable partnership section.
8. Clearer provisions governing jurisdiction of bankruptcy courts.
9. Improved procedure.
10. Minimum evasions by bankrupts.
11. Revised definitions of the acts of bankruptcy.
12. Certain definitions are clarified and other desirable new ones are added.

BANKRUPTCY PROCEEDINGS CONCLUDED DURING THE FISCAL YEAR 1936, BY TYPE OF CASE, LIABILITIES, ASSETS REALIZED, AND PAYMENTS MADE, BY OCCUPATIONAL GROUP

	Total	Farmers	Employees, professional men	Others not in business	Merchants	Manufacturers	Others in business
Cases concluded without declaration of bankruptcy:							
Number of cases:							
Composed (sec. 12)	301	8	8	4	179	43	59
Composed (sec. 74)	153	7	20	3	86	13	24
Extended without liquidation (sec. 74)	363	5	235	76	12	1	34
Amount of debts:							
Composed (sec. 12)	$14,517,377.59	$125,453.73	$161,488.43	$21,237.47	$6,224,815.07	$1,746,336.19	$6,238,046.70
Composed (sec. 74)	3,291,548.90	157,699.14	615,414.31	15,491.04	1,496,524.57	157,495.03	848,924.81
Extended without liquidation (sec. 74)	17,140,224.24	114,683.50	8,816,566.01	3,977,504.81	395,929.44	114,800.00	3,720,740.48
Amount paid or to be paid:							
Composed (sec. 12)	5,992,625.28	37,308.70	74,136.52	4,247.04	1,614,975.78	499,617.05	3,762,340.19
Composed (sec. 74)	1,097,624.07	25,916.75	166,128.35	75,339.68	416,670.97	67,978.37	345.589.95
Cases concluded after declaration of bankruptcy:							
ASSET CASES							
Basis of proceedings:							
Voluntary	11,208	1,228	3,637	618	3,152	394	2,179
Involuntary	2,264	4	41	28	1,063	388	740
Type of bankrupt:							
Individuals	10,383	1,213	3,658	627	2,927	173	1,785
Partnerships	681	16	14	3	411	45	192
Corporations	2,408	3	6	16	877	564	942
Status of bankrupt as to assets:							
Having gross assets of:							
$1 to $250	5,824	500	2,986	338	987	87	926
$251 to $500	1,624	172	287	73	669	64	359
$501 to $1,500	2,515	248	200	93	1,184	163	627
$1,501 to $5,000	2,015	194	131	91	881	214	504
Over $5,000	1,494	118	74	51	494	254	503
Total "asset" cases	13,472	1,232	3,678	646	4,215	782	2,919
Amounts of liabilities, by nature:							
Secured	$326,215,697.50	$10,377,973.21	$46,451,016.55	$31,608,530.12	$42,361,533.53	$16,828,986.13	$178,587,657.96
Priority (allowed)	12,217,431.13	554,666.64	1,410,750.38	606,400.34	2,352,128.17	1,761,315.03	5,532,170.57
Unsecured (allowed)	346,139,417.74	5,488,326.19	40,738,516.52	10,982,461.56	75,359,182.94	36,109,144.01	177,461,786.52
Unsecured (not proved)	224,591,777.30	3,478,999.76	29,274,391.28	10,131,946.83	22,671,861.65	8,008,128.02	151,026,449.76
Total liabilities in "asset" cases	909,164,323.67	19,899,965.80	117,874,674.73	53,329,338.85	142,744,706.29	62,707,573.19	512,608,064.81
Amounts of disbursements, by type:							
Payments:							
On account exemptions	381,961.47	41,198.99	30,494.66	10,315.75	120,252.50	136,381.33	43,318.24
To secured creditors	14,919,051.97	1,386,415.24	1,024,327.77	535,681.00	2,613,930.43	2,851,327.96	6,507,369.57
To priority creditors	5,352,078.36	133,959.67	202,425.83	91,720.73	1,650,715.18	1,125,581.71	2,147,675.24
To unsecured creditors	43,612,384.38	527,109.02	794,454.35	532.868.55	27,995,420.55	3,517,251.23	10,245,280.68
Other payments, balances	2,462,848.95	41,394.51	55,953.71	7,248.57	277,748.80	141,504.39	1,902,998.97
Total payments	66,692,325.13	2,130,077.43	2,107,656.32	1,177,834.60	32,658,067.46	7,772,046.62	20,846,642.70
Fees and expenses of administration	17,953,202.04	388,732.64	692,836.75	303,174.59	7,904,164.88	2,701,071.41	5,963,221.77
Gross assets realized (less expenses of conducting business), equal to total disbursements	84,645,527.17	2,518,810.07	2,800,493.07	1,481,009.19	40,562,232.34	10,473,118.03	26,809,864.47
"NOMINAL ASSET" AND "NO ASSET" CASES							
Basis of proceedings:							
Voluntary	38,690	2,413	29,222	3,130	1,217	137	2,571
Involuntary	177	1	7	8	63	19	79
Type of bankrupt:							
Individuals	38,432	2,396	29,214	3,130	1,185	121	2,386
Partnerships	234	18	13	5	59	10	129
Corporations	201	.....	2	3	36	25	135
Status of bankrupt:							
Pauper cases	6,454	179	5,571	394	107	22	181
Other "no asset" cases	32,413	2,235	23,658	2,744	1,173	134	2,469
Total "no asset" cases	38,867	2,414	29,229	3,138	1,280	156	2,650
Amounts of liabilities, by nature:							
Secured	$168,229,454.15	$13,206,342.86	$66,284,265.09	$31,018,708.30	$4,306,591.48	$1,489,120.41	$51,924,426.01
Priority (allowed)	2,092,647.23	272,056.78	430,929.59	292,846.86	96,487.62	30,429.59	969,896.79
Unsecured (allowed)	59,799,282.04	2,181,247.96	26,379,356.91	8,253,588.02	3,132,809.13	1,722,854.43	18,129,425.59
Unsecured (not proved)	260,714,227.44	10,758,052.25	119,119,602.61	41,862,123.17	14,182,616.17	2,238,347.87	72,553,485.37
Total liabilities in "no asset" cases	490,835,610.86	26,417,699.85	212,214,154.20	81,427,266.35	21,718,504.40	5,480,752.30	143,577,233.76
Amounts of disbursements:							
Fees and expenses of administration	425,512.20	31,732.07	290,330.70	35,953.21	23,706.01	2,965.64	40,824.57
Other disbursements	13,221.24	157.52	8,861.20	227.88	3,484.46	260.29	229.89
Total disbursements in "no asset" cases	438,733.44	31,889.59	299,191.90	36,181.09	27,190.47	3,225.93	41,054.46

The tremendous improvement in the Act can be very easily noted from that itemization.

The 77B Chandler Bill (if it is not included in "The Big Bill") will retain the desirable provisions of the present Corporate Reorganization Act, eliminate cumbersome overlapping and inconsistent provisions and deal with the evils that have developed in its administration. Provisions proven necessary by experience will also be added. Some items under consideration in improving 77B are:

1. Elimination of or greater supervision of debtor in control.
2. Right of creditors and stockholders to be heard on all plans in the formation stage.
3. Investigation of the past conduct of corporate affairs by competent agent of court including past performance of directorate and officers.
4. Periodical publication of financial reports of operation.
5. Improved procedure to enable creditors and stockholders to intervene and appeal on all matters.
6. Submission of reorganization plans to S.E.C. which will render report to court. This function of S.E.C. to be advisory to court only.

(*Continued on page* 11)

BANKRUPTCY PROCEEDINGS CONCLUDED AFTER DECLARATION OF BANKRUPTCY, DURING THE FISCAL YEAR 1936, WITH ASSETS REALIZED AND PAYMENTS MADE, BY JUDICIAL DISTRICTS

Judicial districts	Number of bankruptcy cases concluded after granting of petition: Total	Number of bankruptcy cases concluded after granting of petition: "No asset" and "nominal asset" cases	Number of bankruptcy cases concluded after granting of petition: "Asset" cases	Assets, payments, and expenses in "asset" cases: Gross assets realized less expenses of conducting business	Assets, payments, and expenses in "asset" cases: Administrative fees and expenses	Assets, payments, and expenses in "asset" cases: Net assets available for distribution	Payments made: On account exemptions	Payments made: To secured creditors	Payments made: To priority creditors	Payments made: To unsecured creditors	Payments made: Other payments, balances	Distribution of assets realized in "nominal asset" and "no asset" cases: Gross assets realized less expenses of conducting business	Distribution of assets realized in "nominal asset" and "no asset" cases: Administrative fees and expenses	Distribution of assets realized in "nominal asset" and "no asset" cases: Other payments
Alabama:														
Northern	1,300	1,214	86	$799,497.09	$96,815.31	$702,681.78	$3,712.55	$320,409.33	$88,965.44	$289,433.57	$160.89	$3,865.19	$3,836.94	$28.25
Middle	198	144	54	269,633.00	58,733.44	210,899.56	3,875.10	47,837.79	47,986.37	105,109.08	6,091.22	4,388.47	541.71	3,846.76
Southern	145	121	24	203,956.03	25,868.69	178,087.34	...	86,576.04	6,565.73	84,878.82	66.75	2,380.64	1,203.25	1,177.39
Alaska:														
First Division	5	1	4	8,960.20	4,620.49	4,339.71	259.55	...	1,160.30	2,919.86	...	...	...	...
Second Division	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Third Division	2	1	1	11,251.53	5,667.46	5,584.07	...	...	4,419.60	1,164.47	...	5.95	5.95	...
Fourth Division	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Arizona	34	8	26	103,130.24	58,792.09	44,338.15	...	21,329.52	5,777.78	17,226.80	4.05	51.65	51.65	...
Arkansas:														
Eastern	147	71	76	387,216.63	91,921.97	295,294.66	1,538.25	21,396.37	33,110.31	238,139.43	1,110.30	940.00	940.00	...
Western	57	37	20	27,088.17	6,650.27	20,437.90	200.00	5,649.70	2,994.14	11,581.70	12.36	840.45	840.45	...
California:														
Northern	2,098	1,611	487	916,695.55	283,249.04	633,446.51	706.35	235,145.70	87,402.62	309,305.30	886.54	20,134.21	20,134.21	...
Southern	2,267	1,488	779	18,601,211.34	1,409,652.29	17,191,559.05	1,126.87	1,065,708.80	226,417.06	15,866,265.68	32,040.64	22,478.44	22,478.44	...
Colorado	339	292	47	1,391,844.69	147,945.09	1,243,899.60	592.10	652,318.60	28,990.14	88,120.67	473,878.09	9,768.25	8,528.82	1,239.43
Connecticut	880	600	280	600,723.21	211,133.26	389,589.95	9,643.73	98,227.21	96,913.06	162,716.48	22,089.47	5,200.23	5,200.23	...
Delaware	63	17	46	74,189.74	14,086.82	60,102.92	...	49,343.08	3,241.72	7,135.60	382.52	505.43	505.43	...
District of Columbia	166	110	56	204,465.43	61,293.34	143,172.09	228.50	12,662.56	40,735.11	70,396.26	19,149.66	...	...	...
Florida:														
Northern	22	14	8	239,937.67	17,896.92	222,040.75	217.93	206,105.49	11,190.34	4,526.99	...	148.70	148.70	...
Southern	150	87	63	475,843.42	122,697.09	353,146.33	1,683.55	207,[illegible]57.70	77,791.86	66,216.73	196.49	2,765.39	2,765.39	...
Georgia:														
Northern	1,033	1,007	26	147,548.63	40,679.11	106,869.52	6,351.31	[illegible],198.50	9,593.25	51,444.39	282.07	7,125.25	5,298.79	1,826.46
Middle	260	227	33	217,851.90	41,560.01	176,291.89	550.00	104,378.46	14,993.39	55,598.31	771.73	1,807.53	1,682.16	125.37
Southern	141	103	38	162,780.98	38,483.85	124,297.13	1,168.52	10,832.98	7,212.78	104,723.19	359.66	1,161.21	1,161.21	...
Hawaii	153	101	52	35,610.13	11,539.25	24,070.88	...	8,688.99	4,148.70	11,233.19	...	...	...	...
Idaho	61	49	12	24,256.22	2,861.18	21,395.04	166.67	15,073.40	748.32	5,406.15	.50	978.38	978.38	...
Illinois:														
Northern	2,596	1,919	677	3,687,672.36	1,010,958.13	2,676,714.23	19,732.33	281,692.05	410,301.36	1,794,267.74	170,720.75	1,000.48	753.73	246.75
Eastern	330	177	153	119,099.36	34,383.67	84,715.69	2,993.35	18,219.27	8,893.30	53,534.33	1,075.44	2,439.25	2,439.25	...
Southern	944	725	219	695,919.61	150,679.65	545,239.96	10,712.03	223,793.77	34,745.81	265,044.15	10,944.20	10,429.39	10,429.39	...
Indiana:														
Northern	379	335	44	229,771.29	51,842.19	177,929.10	6,240.77	101,875.06	24,668.21	42,643.23	2,501.83	9,560.90	9,560.90	...
Southern	218	131	87	1,568,531.19	290,938.68	1,277,592.51	12,594.76	247,601.54	107,625.73	890,632.95	19,137.53	2,921.20	2,919.05	2.15
Iowa:														
Northern	225	143	82	523,803.81	92,826.98	430,976.83	2,186.40	245,471.25	21,598.02	159,658.97	2,062.19	3,149.97	3,149.97	...
Southern	334	234	100	451,206.71	72,796.29	378,410.42	414.43	121,185.37	75,599.31	180,749.52	461.79	5,437.60	5,437.60	...
Kansas	553	393	160	796,425.27	194,746.51	601,678.76	332.31	270,022.21	121,728.07	190,269.26	19,326.91	2,231.09	2,231.09	...
Kentucky:														
Eastern	331	193	138	318,914.11	51,584.92	267,329.19	4,641.10	137,226.30	6,713.93	100,945.51	17,802.35	3,326.05	2,617.74	708.31
Western	682	577	105	559,434.96	76,290.41	483,144.55	4,469.24	292,723.35	59,667.70	126,136.24	148.02	25.00	25.00	...
Louisiana:														
Eastern	177	76	101	86,273.20	36,797.64	49,475.56	...	15,101.73	25,267.31	8,963.26	143.26	902.70	902.70	...
Western	151	92	59	98,854.05	15,152.97	83,701.08	2,023.71	62,070.92	9,277.66	9,868.33	460.46	179.95	179.95	...
Maine	485	387	98	209,007.12	59,297.96	149,709.16	...	4,829.88	16,209.04	127,111.88	1,558.36	4,347.60	4,298.63	48.97
Maryland	366	217	149	1,433,193.42	546,536.64	886,656.78	4,995.19	103,596.19	39,013.31	738,546.65	505.44	2,783.75	2,783.75	...
Massachusetts	1,562	958	604	1,442,808.63	469,334.16	973,474.47	...	97,606.37	107,345.44	723,609.38	44,913.28	18,308.90	18,308.90	...
Michigan:														
Eastern	2,353	1,860	493	1,148,711.01	414,991.37	733,719.64	5,251.71	140,063.62	123,333.06	431,368.63	33,702.62	23,285.58	23,285.58	...
Western	462	378	84	706,771.65	431,574.25	275,197.40	5,468.40	65,598.13	67,511.90	136,479.60	139.37	8,036.43	8,021.31	15.12
Minnesota	1,223	809	414	289,737.87	136,046.82	153,691.05	144.49	24,158.64	17,229.19	109,871.76	2,286.97	8,428.29	8,428.29	...
Mississippi:														
Northern	82	38	44	353,187.44	54,620.94	298,566.50	1,531.70	183,938.87	40,824.80	66,686.66	5,584.47	100.50	100.50	...
Southern	181	118	63	108,168.88	30,909.19	77,259.69	3,646.43	3,862.43	18,656.02	50,713.42	381.39	1,916.00	1,916.00	...
Missouri:														
Eastern	334	238	96	283,287.10	92,860.95	190,426.15	4,719.79	58,136.04	30,844.69	91,903.72	4,821.91	10,459.42	9,672.54	786.88
Western	1,010	784	226	1,148,233.95	270,806.20	877,427.75	7,590.55	607,890.46	120,574.87	133,055.82	8,316.05	7,020.00	7,020.00	...
Montana	163	152	11	29,675.83	24,114.61	5,561.22	53.70	3,170.07	527.86	1,662.03	147.56	1,650.80	1,650.80	...
Nebraska	264	185	79	293,334.00	92,022.85	201,311.15	4,439.77	26,130.94	32,790.58	132,713.38	5,236.48	5,142.22	5,142.22	...
Nevada	11	5	6	33,751.71	5,381.17	28,370.54	...	24,892.85	578.93	2,898.76	...	68.20	68.20	...
New Hampshire	98	51	47	119,950.28	22,455.55	97,494.73	500.00	7,994.38	35,686.55	53,308.80	5.00	1,525.27	1,393.48	131.79
New Jersey	1,357	751	606	1,868,312.69	422,160.93	1,446,151.76	5,072.52	962,242.41	169,883.69	302,623.65	6,329.49	21,086.41	21,086.41	...
New Mexico	28	17	11	41,058.04	2,993.88	38,064.16	...	35,813.96	1,154.73	1,095.47	...	128.29	128.29	...
New York:														
Northern	1,247	908	339	705,919.75	236,558.52	469,361.23	205.87	212,352.29	72,507.87	184,258.62	36.58	3,064.29	3,049.66	14.63
Eastern	1,942	1,621	321	720,513.54	347,683.16	372,830.38	...	25,561.02	59,639.37	284,882.49	2,747.50	23,250.00	23,250.00	...
Southern	2,453	1,762	691	21,447,327.02	5,669,848.17	15,777,478.85	59.39	899,411.67	903,569.55	12,737,161.45	1,237,276.79	...	...	...
Western	1,561	1,203	358	724,768.32	218,732.06	506,036.26	...	49,883.39	82,629.20	367,492.86	6,030.81	14,275.72	14,275.72	...
North Carolina:														
Eastern	147	114	33	430,884.18	64,846.45	366,037.73	2,310.10	222,843.81	38,920.67	99,935.71	2,027.44	3,343.86	1,728.64	1,615.22
Middle	91	45	46	131,875.14	26,320.99	105,554.15	5,206.64	28,002.85	23,591.00	48,117.98	635.68	1,005.39	1,005.39	...
Western	82	29	53	384,726.96	61,820.55	322,906.41	7,333.20	128,258.25	44,040.53	87,966.91	55,307.52	948.45	948.45	...
North Dakota	51	50	1	6,277.22	1,578.92	4,698.30	...	...	1,670.57	3,027.73	...	1,633.00	1,633.00	...
Ohio:														
Northern	4,277	3,544	733	3,056,524.77	698,138.81	2,358,385.96	151,606.23	910,621.92	332,004.75	924,286.64	39,866.42	49,669.77	49,669.77	...
Southern	1,804	1,560	244	863,566.59	169,574.17	693,992.42	15,129.79	311,683.90	119,399.32	232,718.36	15,061.05	13,080.72	13,080.72	...
Oklahoma:														
Northern	214	191	23	112,529.49	30,226.10	82,303.39	83.00	18,573.68	11,035.83	52,610.88	...	6,737.78	6,648.00	89.78
Eastern	88	45	43	63,665.61	13,836.13	49,829.48	...	16,922.61	14,955.46	17,776.12	175.29	969.47	905.27	64.20
Western	198	145	53	137,905.13	35,415.59	102,489.54	...	7,193.38	19,029.86	75,903.42	362.88	2,857.00	2,857.00	...
Oregon	871	726	145	847,507.25	200,435.07	647,072.18	1,374.55	21,220.44	82,579.03	541,811.11	87.05	1,840.42	1,787.32	53.10
Pennsylvania:														
Eastern	708	321	387	1,573,848.58	479,887.11	1,093,961.47	13,243.34	516,692.53	162,421.13	381,032.81	20,571.66	14,378.03	14,318.03	60.00
Middle	323	33	290	1,151,435.61	230,811.98	920,623.63	3,281.19	565,911.07	114,507.25	213,255.71	23,668.41	...	...	...
Western	406	138	268	954,212.31	275,861.99	678,350.32	7,459.41	165,340.91	154,922.86	331,896.86	18,730.28	1,767.44	1,752.24	15.20
Puerto Rico	10	2	8	22,378.18	4,251.68	18,126.50	225.00	15,507.35	500.04	896.28	997.83	111.00	111.00	...
Rhode Island	150	55	95	54,046.86	16,242.10	37,804.76	...	7,483.95	7,989.72	21,778.55	552.54	1,630.90	1,630.90	...
South Carolina:														
Eastern	40	24	16	92,956.95	35,126.66	57,830.29	2,202.42	9,909.58	11,176.44	34,476.10	65.75	2,145.18	2,143.71	1.47
Western	32	20	12	237,193.15	21,794.42	215,398.73	1,511.50	137,602.53	13,565.98	59,370.98	3,347.74	795.77	711.19	84.58
South Dakota	94	58	36	53,724.22	23,180.41	30,543.81	784.25	11,935.15	5,270.75	12,500.24	53.42	1,511.43	1,511.43	...
Tennessee:														
Eastern	1,567	1,340	227	943,550.43	138,290.73	805,259.70	2,331.69	110,179.86	92,997.62	597,932.08	1,818.45	3,244.28	3,244.28	...
Middle	627	282	345	357,420.36	85,845.76	271,574.60	2,413.23	115,126.02	4,145.23	149,345.49	544.63	1,753.36	1,753.36	...
Western	716	606	110	67,380.00	21,174.86	46,205.14	2,258.50	8,361.62	10,491.78	23,792.60	1,300.64	273.80	190.98	82.82

BANKRUPTCY PROCEEDINGS CONCLUDED AFTER DECLARATION OF BANKRUPTCY, DURING THE FISCAL YEAR 1936, WITH ASSETS REALIZED AND PAYMENTS MADE, BY JUDICIAL DISTRICTS

Judicial districts	Number of bankruptcy cases concluded after granting of petition			Assets, payments, and expenses in "asset" cases								Distribution of assets realized in "nominal asset" and "no asset" cases		
							Payments made							
	Total	"No asset" and "nominal asset" cases	"Asset" cases	Gross assets realized less expenses of conducting business	Administrative fees and expenses	Net assets available for distribution	On account exemptions	To secured creditors	To priority creditors	To unsecured creditors	Other payments, balances	Gross assets realized less expenses of conducting business	Administrative fees and expenses	Other payments
Texas:														
Northern	283	135	148	1,342,408.57	188,176.96	1,154,231.61	154.47	669,613.41	116,152.92	368,295.05	15.76	3,285.57	3,285.57	....
Eastern	132	28	104	860,187.17	99,690.35	760,496.82	13.32	427,631.56	54,422.05	278,290.47	139.42	205.90	205.90	....
Southern	141	49	92	831,900.56	68,138.76	763,761.80	45.00	653,730.34	32,599.80	66,777.27	10,609.39	865.20	865.20	....
Western	158	70	88	315,742.97	38,415.60	277,327.37	15.30	215,096.33	4,555.23	43,159.36	14,501.15	488.74	488.74	....
Utah	178	141	37	39,233.10	8,013.33	31,219.77	10,378.99	24.72	737.07	20,076.88	2.11	3,719.07	3,246.57	472.50
Vermont	154	102	52	152,559.85	34,516.21	118,043.64	50.13	33,232.00	27,605.21	56,956.30	200.00	2,310.34	2,310.34	....
Virginia:														
Eastern	1,313	1,123	190	464,959.85	80,727.88	384,231.97	1,345.95	188,525.84	24,307.75	168,914.02	1,138.41	8,990.01	8,581.97	408.04
Western	863	734	129	147,850.36	25,416.67	122,433.69	339.01	41,179.75	21,798.15	57,142.88	1,973.90	5,314.70	5,314.70	....
Washington:														
Eastern	162	138	24	59,620.90	19,456.03	40,164.87	2,444.00	13,117.75	3,295.96	21,282.16	25.00	1,496.93	1,442.65	54.28
Western	564	510	54	219,406.68	65,050.92	154,355.76	900.00	13,531.01	23,273.72	84,029.75	32,621.28	4,863.17	4,841.38	21.79
West Virginia:														
Northern	432	294	138	541,791.55	84,002.34	457,789.21	1,628.56	280,463.65	48,043.03	123,586.89	4,067.08	4,612.90	4,612.90	....
Southern	397	311	86	298,127.70	56,365.96	241,761.74	1,352.00	140,430.89	12,347.45	86,988.10	643.30	5,003.57	5,003.57	....
Wisconsin:														
Eastern	989	832	157	450,354.19	118,852.23	331,501.96	1,641.40	47,534.86	52,755.06	220,777.86	8,792.78	3,732.75	3,732.75	....
Western	388	282	106	217,924.01	47,471.99	170,452.02	645.95	102,135.75	12,795.69	50,217.68	4,656.95	1,325.00	1,325.00	....
Wyoming	66	50	16	12,534.75	4,171.94	8,362.81	212.43	1,176.05	5,218.37	1,755.96	....	1,795.92	1,795.92	....
Total	52,339	38,867	13,472	84,645,527.17	17,953,202.04	66,692,325.13	381,961.47	14,919,051.97	5,352,078.36	43,612,384.38	2,426,848.95	438,733.44	425,512.20	13,221.24

All figures from report of U. S. Attorney General

FEES AND EXPENSES OF ADMINISTRATION FOR BANKRUPTCY PROCEEDINGS CONCLUDED AFTER DECLARATION OF BANKRUPTCY DURING THE FISCAL YEAR 1936, CLASSIFIED BY AMOUNT OF GROSS ASSETS REALIZED

	Total all cases	"Nominal asset" and "no asset" cases	"Asset" cases—Classification by amount of gross assets realized						
			Total in all "asset" cases	$1-500	$501-$1,500	$1,500-$5,000	$5,001-$10,000	$10,001-$50,000	Over $50,000
Number of cases	52,339	38,867	13,472	7,448	2,515	2,015	716	613	165
Gross assets realized (less expenses conducting business):									
Total	$85,084,260.61	$438,733.44	$84,645,527.17	$1,126,840.45	$2,284,636.36	$5,603,851.30	$5,417,546.26	$12,873,732.71	$57,338,920.09
Average	1,625.64	11.29	6,283.07	151.29	908.40	2,781.07	7,566.41	21,001.20	347,508.61
Fees and expenses paid:									
Total	18,378,714.19	425,512.15	17,953,202.04	796,970.74	1,163,314.50	2,012,010.77	1,542,069.38	2,924,971.94	9,513,864.71
Average	351.15	10.95	1,332.63	107.00	462.55	998.52	2,153.73	4,771.57	57,659.79
Classification of payments:									
Receiver's fees	638,058.48	393.57	637,664.91	11,373.67	41,602.98	87,020.29	65,617.96	131,534.51	300,515.50
Trustees (excluding filing fees)	1,699,271.02	5,245.30	1,694,025.72	62,527.40	119,311.31	198,152.56	139,806.77	259,228.73	914,998.95
Attorneys for:									
Petitioning creditors	394,730.32	675.95	394,054.37	11,335.74	43,491.47	81,245.33	58,069.07	91,739.76	108,173.00
Receivers	670,410.94	170.40	670,240.54	8,547.85	36,893.14	77,660.63	75,878.39	164,566.17	306,694.36
Trustees	3,908,915.00	1,362.76	3,907,552.24	127,741.16	210,438.00	432,900.01	383,529.81	787,784.59	1,965,158.67
Bankrupts	776,440.46	3,710.65	772,729.81	97,538.16	126,778.23	161,526.17	101,285.91	149,917.78	135,683.56
Referees:									
Commissions and fees (including special master, excluding filing fees)	765,702.61	43,657.99	722,044.62	35,222.46	43,093.09	76,971.89	61,261.80	129,917.00	375,578.38
Travel expenses	35,598.36	6,814.81	28,783.55	4,284.69	3,287.98	3,617.35	2,399.64	2,323.76	12,870.13
Other expenses	988,059.36	325,274.61	662,784.75	158,706.10	109,294.88	133,080.49	73,808.16	98,486.29	89,408.83
Auctioneer's fees and expenses	333,902.17	18,489.57	315,412.60	11,930.90	34,668.82	70,852.67	52,984.93	77,093.87	67,881.41
Rent (occupation after bankruptcy)	2,831,190.20	1,078.85	2,830,111.35	22,592.63	64,022.99	107,196.71	71,790.55	139,826.39	2,424,682.08
Appraiser's fees, expenses	374,547.41	2,178.08	372,369.33	44,589.21	50,953.80	74,641.64	45,681.40	59,977.79	96,525.49
All other expenses	4,961,887.86	16,459.61	4,945,428.25	200,580.77	279,477.81	507,145.03	409,954.99	832,575.30	2,715,694.35
Total expenses	18,378,714.19	425,512.15	17,953,202.04	796,970.74	1,163,314.50	2,012,010.77	1,542,069.38	2,924,971.94	9,513,864.71

(*Continued from page* 9)

7. Licensing of protective committees by the S.E.C. (this would be under the Securities Act and not the Bankruptcy Act).
8. To make avenue of reorganization and authority to present plan as open to creditors as to debtors.
9. Limitations on change of venue.
10. Limitation of time in which a reorganization plan must be submitted.
11. Greater protection of merchandise creditors.
12. Possible classification of corporations permitted to petition under 77B as against those required to go under Section 12 of the Act.
13. Proper recognition of minority in approving a plan.
14. Better provisions for notices to creditors and stockholders.
15. Possible prohibition of deposit agreements, solicitation of acceptances only after hearing and approval of plan.
16. Filing of petition where corporation has greatest part of assets or where greatest number of creditors

(*Continued on page* 34)

Storm gauge of credit policy

This executive uses a cash discount reserve as a barometer of credit appraisal limits

Here is a fundamentally sound plan which will satisfy both the Credit Department and the Sales Department. In overcoming the long standing argument between these two departments, it pleases the General Manager, who is responsible for both departments, most of all.

Normally the Credit Department is judged on the basis of how small credit losses are. This has the effect of causing most credit executives to be so strict in credit checking that many orders are refused because of the credit risk. This reflects in the gross sales and sometimes reduces them beyond the point of efficient production. The solution is a credit guide which allows the passing of a maximum number of orders without showing an increased credit loss at the end of the year and still will curb the orders passed should the credit checking become too lenient.

The Sales Department is interested in getting maximum sales and making quotas. The greatest effort is made to sell the account whose credit is highest but increased quotas require selling more accounts where credit is a question. The feeling of the average salesman is to take a chance on the credit because in that way gross sales are increased. When the order is turned down by the Credit Department there is always the feeling that sales are being restricted in that way. This plan provides a plain index to show whether or not the turn down is justifiable. If it is the Sales Department will quite naturally accept it without question.

The plan further makes it possible for the Sales Department to increase the number of doubtful orders which will be passed by assisting the Credit Department to collect past due accounts. This co-operation is particularly helpful because the salesman is the direct contact with the customer and can collect accounts on a more

**by W. B. BELLACK, Vice Pres.
Jersild Knitting Company,
Neenah, Wisc.**

satisfactory basis when there is an incentive for him to do so.

The Cost Accounting Department is interested in cutting down the variables as much as possible and this plan, by taking out the question of bad debt and collection expense, removes an always questionable variable.

The author has been using this plan for the past five years, and except for some changes which were made during the first year and which are outlined in the article, there has been perfect harmony between sales and credit departments.

The terms of the company are 3% 10 days or Net 30 with E. O. M. dating. The 3% on all invoices which are not discounted is credited to the Reserve and all Bad Debt losses, all collection expense, and all credit checking expense is charged to the reserve.

The following table shows the figures on Accounts Receivable and Reserve for December 31 of each of the past four years.

Year	Current Accounts	Past Due	Reserve
1933	10,870	4,009	1,633
1934	22,145	4,753	1,486
1935	26,133	6,739	2,035
1936	31,673	8,845	2,361

You will note that the Reserve is from 27% to 31% of the past due accounts. When the reserve drops below 30% credits are made more strict, while if the reserve exceeds 30% more doubtful credits are passed.

If the policy of the company is to give a cash discount for prompt payment, it is particularly easy to set up the plan. The cash discount allowed is a fixed charge which must be considered by the Cost Accounting Department in setting a price on the various items sold because the majority of customers will deduct the cash discount and pay the invoice promptly. Let us assume that a cash discount of 3% is allowed by the company for prompt payment. The price of the merchandise must be 3% higher than if the terms were net cash in order to leave the same net profit as it is probable that most of the invoices will be discounted.

If every customer discounted every invoice there would be no credit or collection problem. There would be no need of a reserve for bad debts and the Cost Accounting Department in pricing on the basis of a 3% cash discount would be exactly right. Probably this condition could never exist. Some invoices are not discounted and because the customer who cannot discount his invoice will not always be able to pay it when due it becomes advisable to have a reserve for bad debts.

In order not to upset the Cost Accountant's figures isn't it natural to use the 3% which was figured for cash discount but was not taken by the customers? This will not upset in any way the basis of pricing the merchandise. Instead of only a reserve for bad debts, let us set up the reserve to cover both bad debts and collection expense required to collect from the slow pay accounts.

Assume that sales for the month are \$50,000. 3% of this or \$1500 has been figured on for cash discounts. If only \$40,000 of the invoices are discounted, then only \$1200 has been allowed for discounts, leaving a balance of \$300 to be credited to the reserve. Perhaps \$8,000 of the \$10,000 balance is paid when the invoices are due on the net

basis; the balance of $2,000 must be collected either by the Credit Department or an outside agency. If the cost of this collecting is $200 there is still a balance of $100 left in the reserve fund.

If this continues month after month, the reserve fund will continually grow, which means that the Credit Department is being too strict and is turning down business which could be accepted without reducing the net profit even though larger credit losses will result. This assumes, of course, that more sales are desirable from a production angle. The credit executive must always consider that when operations are at maximum capacity and additional business cannot be handled, then poor credit risks should be refused.

If, on the other hand, the total of bad debts and collection expense is greater than the discounts not taken so that the reserve grows smaller, it warns at once that credits must be checked more closely and doubtful credit risks placed on a C. O. D. basis.

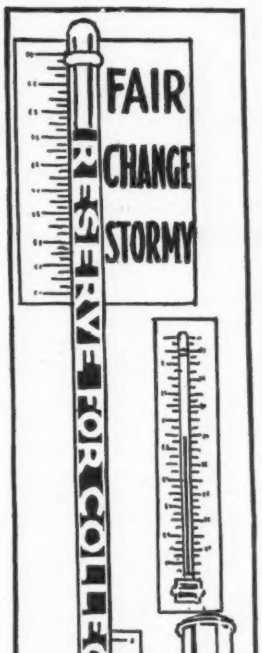
It is not necessary under this plan to follow each month's sales to determine the amount of discount taken on them. The accounting can be easily handled by taking 3% of the shipments for the month and deducting from that the discounts allowed during the month. The balance is credited to the reserve. In a seasonal business it may happen that the discounts taken exceed 3% of the sales. In this case a red ink entry reduces the amount of the reserve but this does not mean that the credit policy must be more strict, as it will be offset when the shipments again exceed the remittances.

It is possible to have the reserve cover discounts allowed by crediting the reserve each month with 3% of the shipments and deducting from the reserve the discounts allowed. If this is done it is desirable that the figures show the total of accounts receivable which may still be discounted so that the reserve may be divided to show how much is a reserve for those accounts which may still be discounted and the balance of the reserve as usable for collections and bad debts.

The basic point of this plan is that it gives the Credit Department a barometer to show when credit checking is too strict and also when too lenient. If it is too strict, the company is losing business which it should have. If it is too lenient, unit profits are being lowered in order to increase sales which is a dangerous procedure. The warning comes at once if a strict collection policy is enforced and accounts are charged off to the reserve as soon as they are found to be uncollectible.

This plan is particularly workable because it automatically adjusts itself to the economic cycle. In times of prosperity a greater percentage of customers take their discounts, which reduces the credits to the reserve, thus bringing about a stricter credit policy. In prosperous times sales are sufficient so that close credit checking does not retard production to a noticeable extent and a strict credit policy tends to prevent over expansion.

In times of depression, fewer customers can discount their invoices which provides a larger addition to the reserve and causes a more lenient credit policy at a time when additional orders are most desirable. Even unusual conditions such as poor business caused by



drought reflects in less discounts taken and increases the reserve, so that the Credit Department may be a little more lenient in carrying customers over the crises.

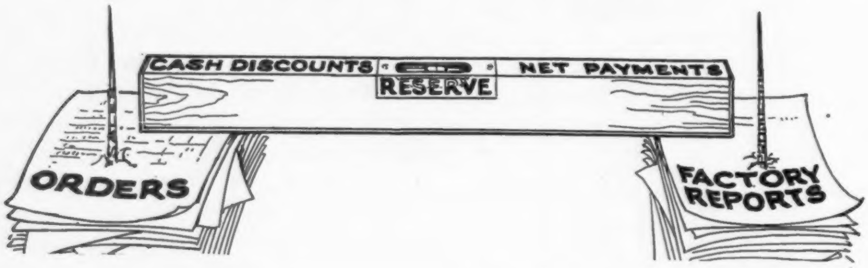
In this article 3% has been used in all calculations only because it is a popular discount rate. If the discount rate is 8% the plan will work equally well. Customers naturally discount those invoices carrying the highest rate first and the collection expense for those who allow invoices with a high rate of discount to go past the discount date will be higher. The reverse is true where a discount rate of 1% is allowed.

In a business where terms are NET and no discount is allowed, it will be necessary to use the figure which has been allowed for bad debts and collection expense by the Cost Accounting Department. If an allowance of ½% of sales must be set up to cover collection and bad debts, and if 25% of the invoices are not paid on time; then by charging nothing against the invoices which are promptly paid and 2% on those invoices which go past the due date, the same cost figures will apply. After the proper figure has been arrived at for a percentage factor, it will be necessary to keep track of the amount of invoices not paid by the due date and set up the reserve on that basis. The plan will work just as well except for the slight additional bookkeeping required.

Some adjustment to the plan is possible without in any way changing the basic idea. If in the opinion of the management, it is not desirable to follow a more lenient credit policy and the amount of the reserve continues to grow, some other charges may be made against the reserve. As an example, the cost of credit reports may well be charged to the reserve as proper credit checking will cut collection costs.

Once the proper set up has been made and the charges against the reserve have been established by the management, they should not be changed unless experience over a considerable period of time indicates that a change is necessary. It is fundamental with the plan that the reserve will vary and in that way act as a guide for the Credit Department. If the charges against the reserve are constantly changed by the management, this valuable feature is lost.

Actual experience has proven this plan sound and workable. It is applicable to almost any type of manufacturing or wholesale business and best of all it satisfies all of the departments in the business.



Re: that "memo"

by H. N. FISCH, Vice President
H. J. Justine & Sons, Fort Worth, Texas

That memorandum appearing in the December issue raised a lot of hullabaloo over its phraseology more than anything else. Let's change it a bit and have it read like this: "It must be remembered that it is the function of the credit department—while aiding the sales department in every way—to get the maximum amount of sales billed on the books by passing on orders that the sales department produces, for the sales department is the dynamo that brings in orders. Remember this and note it well; that if the credit department never accepted anything but perfect risks that *that* profession would soon become an ornament—and an unnecessary one at that.

From the company's point of view, the credit department is always over-conservative and should be; the sales department always over-enthusiastic and should be; and it is only with each fighting for its ideas that the middle road is reached, and it is the middle road which should be."

It doesn't sound so bad that way either, does it? Since time almost immemorial, the phraseology used as terming the credit department the 'watch dog' of the treasury has been in existence. It is used in our federal government and only a fortnight ago our president recommended that the office of comptroller general be abolished. Why? Because as a watch dog of the treasury it was holding down the expansion that the president had in view, and often times, the sales department feels the same toward the credit department.

Discussions of the type involved are of no value, in that they only stir up the smoldering embers of a fire that should have burned out long ago. A memorandum of this type is like throwing a stink bomb into a well filled theatre. It just messes up the atmosphere.

The sales and credit departments, in most instances, work hand and hand. There may occasionally be a disagreement on some specific account, but it is seldom serious. No more serious than the disagreements of any partners in business. Are there not hundreds of successful American business institutions listed as having been established by partners whose ideas were very frequently in variance. We hear of the one partner being a wide-awake, enthusiastic person, interested in constant expansion; whereas, his partner is termed the "balance wheel" of the business, because of his conservative ideas. And yet, they succeed.

There should be no separate and distinct functions between the credit department and the sales department, but on the contrary, both should be judged on the basis of yearly profit. If sales costs are of such a nature as to permit a greater acceptance of business, with the full knowledge that the percentage of losses will be increased, then such an understanding should exist between the departments and management.

I can't get all "het" up over the memorandum. The writer of this simply lacks the diplomacy expected. Let us remember that the American language is so worded that it can be written to have one meaning and read with the thought of an entirely different meaning—and then, let's forget that there ever was such a thing as bickering between departments. Just as the city of Dallas needs the city of Fort Worth and vice versa; just as the city of Minneapolis needs the city of St. Paul, and vice versa, to make all of these great cities, so the two departments need each other.

Development Program vital need, credit executives say

F. E. Barkley,
C. M. McClung & Co.,
Knoxville, Tennessee.
Past Director, N. A. C. M.

I believe that to read thoroughly the two booklets "Guarding the Nation's Profits" and "The Biggest Chapter in Business History" should be sufficient to make all credit men proud of the fact that they are a part of the National Association of Credit Men.

The achievements of the Association since its beginning have placed it in the minds of more business men than most any organization in this country. Its goal to help educate the credit fraternity has been accomplished through the earnest efforts of its leaders who have given untiringly of their time to promote the activities of the Association.

The Development Program is a splendid move in the right direction and I heartily endorse it.

J. F. McGrath, Credit Manager,
Loose-Wiles Biscuit Company,
Minneapolis, Minn.,
Minneapolis A. C. M.

The National Association of Credit Men and its affiliated Associations must progress. It has work to do and obligations it cannot shirk.

Read over the list of the founders of this organization. The caliber of the men, bringing about its organization, convinces one of the need to American business and the desirability of an Association whose interest is that of realizing all possible profit from its ledger accounts or sales.

New conditions are facing us, these requiring study and action. Business, authorities tell us, shows signs of complete and immediate revival. New political thought and changes in economic thinking are just ahead of us. We can slide along, depending on some increased working capital from a prospective and perhaps doubtful increase in membership, but that would be shirking our obligations.

Every one of the eight points of the Development Program is of vital interest to business, and to do a creditable job requires working capital, and the wonder is that this has not been done before.

There isn't any question of competition with other organizations. Ours is the sole organization assigned to the task covered by this program. We are set in our marks for a race that may be long or short, swift or enduring—the means to win must come from those who are interested in the race.

Business is willing to spend for its own protection and I am convinced the subscription of this fund will be carried to a success.

T. G. Murphey, Secretary,
The Sherwin-Williams Co.,
Cleveland, Ohio
Member of Board of Trustees,
Cleveland A. C. M.

The Development Program represents the most important step forward in association work since 1929. It is a tribute to the courage of our leader, Mr. Heimann, and the National Board.

It is a movement that is worthy of the support of every member because it assures us of a bigger and better association with increased facilities for new needs. We must go forward!

F. O. Reibold, Credit Manager,
National Enameling and Stamping Company,
Milwaukee, Wisconsin.
Director, Milwaukee A. C. M.

We subscribed to the Development Program of the National Association of Credit Men because we are very much in favor of it, and believe there is a wonderful opportunity for the Association to do some educational work along these lines at the present time.

We are giving this Development Program our whole-hearted support, as we believe it is a constructive piece of work, and we are very glad indeed to give it our financial support by the subscription which we made.

S. Russell,
The Crown Overall Mfg. Co.,
Cincinnati, Ohio,
Cincinnati A. C. M.

The success of the development plan of the National Association of Credit Men not only means the advancement of the Association but of all individual credit men. Let us all put our shoulders to the wheel and move forward with our Association. We cannot, we must not, we will not fail.

Ray S. Shannon,
Weyenberg Shoe Mfg. Co.,
Milwaukee, Wisconsin.
Director, N. A. C. M.

I only wish that the Development Program had started years ago. Certainly our National dues have been too low to permit of this plan, but in comparison to other associations, the services rendered by the National Association of Credit Men are worth more than the present dues.

I am heartily in accord with the program and definitely anticipate a newer, more wide spread interest and achievement of all departments of the association.

B. R. Tritton, General Credit Manager,
American Stove Company,
Cleveland, Ohio.
Past President, Cleveland A. C. M.

"Guarding the Nation's Profits". No bigger job confronts any organization. How far we can go in that direction is limited only by our resources. Every member, in fact every business in the country, should endorse and contribute to the Development Program Fund.

Credit men play important roles in rehabilitation of flooded Ohio river areas

SN Credit executives in eight of the Associations affiliated in the National Association of Credit Men are now playing an immensely important role in the rehabilitation work in the area along the Ohio river where the recent unprecedented floods brought losses mounting up to the hundreds and hundreds of millions of dollars. While the flood waters have all but receded and many localities along the 1,500 mile course of the Ohio from Pittsburgh to Cairo have returned to almost normal living conditions, it may be weeks or even months before the totals of losses can be computed.

Localities along the Ohio have become accustomed to flood stages on this important river. However the mild weather of one of the most "open" winters in many years had poured the usual winter precipitation into the Ohio. Even the snow that did fall on one or two occasions melted away rapidly. And then to top it all the area within a fifty mile radius from Louisville was drenched with an 18 inch rainfall in the month of January. This is easily 400% more than normal precipitation even for a so-called rainy month. The rain fall even back as far as Pittsburgh was exceptionably heavy. Had this precipitation been in the form of snow the drainage might have been provided in stages as the snow melted but in this case the water rushed into the drainage channels and out to raise the flood record at many points to a new high mark.

The picture on the next page shows the Brown Hotel district in Louisville. This is the "Times Square" of the Kentucky metropolis. When we consider that the flood affected practically 75% of the city's area it is easy to grasp the enormity of the disaster at this point. Scenes of similar flood disaster might be duplicated at a number of other points from Wheeling to Memphis.

Pittsburgh had a slight scare and some damage from the flood but fortunately escaped a repetition of the disaster of last March. At Wheeling the area known as Wheeling Island was entirely inundated and several thousand families were made homeless. Marietta, Ohio and Parkersburg, West Virginia were badly damaged in some sections in which many small stores were situated. This area from Pittsburgh down to Cincinnati however was emerging from the flood when Louisville and points below were battling with the crest of the flood.

Cincinnati suffered heavy loss by flood in its manufacturing areas along the Ohio river. Added to this catastrophe, great storage tanks of gasoline were turned over in the flood. The water system was put out of business and fire broke out in the Crosley radio plant, burning several blocks before it halted. The whole city was thus threatened with the ravages of fire. The main business section in Cincinnati was not affected by the flood waters on as great a scale as in other cities but the losses will mount to big figures however.

Evansville like Louisville was more than one third inundated. It is estimated that 6,000 homes were flooded. Secretary A. H. Oschmann of the Evansville Association of Credit Men on February 18 reported that the personal property loss in Evansville would total close to $5,000,000 with a similar loss total to real estate and residence property. Mr. Oschmann reports further:

"All of our members have been very actively engaged in assisting and cooperating with the Red Cross in every way possible. This cooperation is continuing to a great extent and will continue in connection with the Rehabilitation program. It is to be considered, of course, that a large number of our members are all confronted with the problem of rehabilitating their own homes and businesses.

"Our association is willing and eager to assist and to cooperate in this program to the extent that it is humanly possible to do so.

"We are very glad to report that the Red Cross performed a very splendid job and kept ahead of the situation throughout.

"I would have reported sooner, however, I was compelled to evacuate my home and was marooned from the city for quite a while as the place to which I moved was entirely cut off from the main portion of the city for several days.

"Just as soon as the Rehabilitation program gets further underway I shall be glad to report the progress that is being made, as we do not know at this time to what extent financial assistance will be given to businesses that sustained losses from the flood."

E. C. Correll, secretary-manager of the Memphis Association of Credit Men reports as follows on the situation in his area:

"The only sections around Memphis that had a touch of water were in the Northern and Southern lower districts and a small amount of water was in these districts, but no merchant or manufacturing concern suffered a loss, these neighborhoods being principally inhabited by negroes. There was no water in our business district or in our residential districts.

"Certain sections of Eastern Arkansas were flooded, but no levee breaks occurred and we know of no instance where the small merchant in the smaller towns did not have ample opportunity to either move their merchandise to a

VENICE IN U.S.A.: This picture taken at the intersection of Fourth street and Broadway, Louisville (the Times Square of Louisville) shows something of the flood damage. Boats plied the streets of Louisville for days. Some proposed the city be renamed "Venice in America."

place of safety or scaffold it and thereby save it from destruction. The only work done in Memphis was taking care of the many refugees, mostly tenant farmers and negroes in the lower sections of Eastern Arkansas, but none of the principal, or even small cities, in that section were under water.

"As you know, there are certain sections in Arkansas and Mississippi that have water every now and then and the old residents of these sections usually have their houses built on stilts or can store their merchandise in a safe place.

"Paducah, Kentucky is the closest point to us in Memphis where real damage occurred, but, of course, that is entirely out of our trade area and it goes to either Louisville or Nashville.

"The crest of the flood has passed Memphis and our immediate trade area, without a single break in the main levees and is now on its way to New Orleans, but from the local papers it appears that all of the main levees are intact."

The following announcement in the Louisville Courier Journal shows something of the role being taken by the credit men under the leadership of Mr. Sam J. Schneider.

S. J. Schneider, secretary-manager of the Louisville Credit Men's Association, was asked today by Hanford Smith of the Mayor's Committee in the Dry Land Area to represent the American Red Cross in the requisitioning of food and supplies required for rehabilitation in the Louisville flood area.

"We want every merchant," Mr. Smith said, "to be able to participate in the effects of the Red Cross rehabilitation. We are in a sense drafting you to present to both wholesalers and retailers the means that will be used in order that they may intelligently understand and thereby benefit, and so the normal credit relations of all will flow freely."

Requisitions, it was explained, will be issued as far as possible upon the merchants whom the recipients select, with the view of distributing as little as possible the pre-disaster relationships existing between the merchants and their customers. The merchants will receive these requisitions in duplicate, retaining one copy for their own files and returning the original copy to the Red Cross headquarters for payment.

Approximately fifty wholesalers met Thursday afternoon in the Speed Building to discuss ways and means of extending a new credit plan to merchants affected directly by the flood. With the hope of restoring normal trade relations and resuming the flow of merchandise into stricken areas as soon as possible, the wholesalers pledged their co-operation to the Red Cross in that agency's efforts to restore normal business relationships by directing relief funds through local commercial channels.

Secretary-Manager Harry Voss of the Cincinnati Association of Credit Men reports that the following form of procedure has been adopted by the Cincinnati wholesalers covering their operations in the flooded areas.

"This Committee recommends a definite policy of extension rather than repudiation or compromise. Such extensions be under the strict supervision of a trustee or a creditors' committee or some recognized organization, whichever the creditors of each individual case may determine.

"All distressed debtors will be asked to furnish a complete statement of all assets of every description and also a complete list of all creditors and the amount owing each. If practical, have a competent representative visit that merchant and make a complete report. Use the facilities and information of the Cincinnati Association of Credit Men and the facilities of the merchants

(*Continued on page* 31)

Harris & Ewing

Mr. Pouch

These men will judge the Tregoe Essay Contest

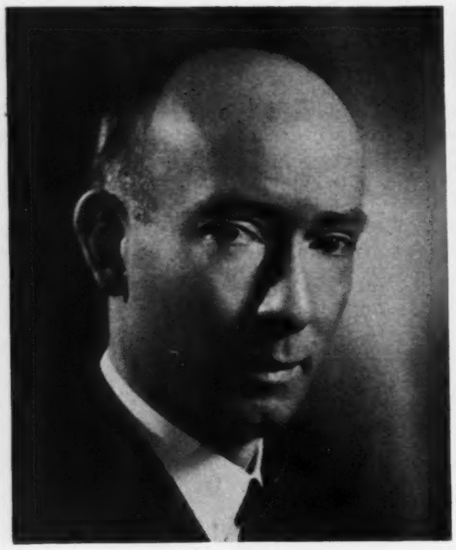
Bachrach

Mr. Golieb

Pach

Dr. Chapin

Old Masters



Mr. Weir

Keiden

Dr. Steiner

Accountants' groups merge

After three years of negotiation a merger of the American Society of Certified Public Accountants with the American Institute of Accountants was made finally effective as of November 21, 1936.

The American Institute of Accountants has been utilized as the continuing organization, all members of the American Society in good standing August 31, 1936, being eligible for transfer to membership in the Institute. All but a few of the Society members have been transferred prior to January 1, 1937, bringing the total membership of the Institute up to more than 4500 following the merger.

The general program of activity of the Institute will be carried on as before. Certain committee work which had been originated by the Society has been taken over by the Institute, thus enlarging the scope of the organization's activities.

The rules of professional conduct of the Institute remain in effect, and the by-laws of the Institute are substantially as before, but there have been a few important changes. Only certified public accountants may become members or associates. Applicants for admission as members must have had five years' public accounting experience and as associates, two years' public accounting experience. Experience as an instructor of accountancy in a recognized college or university is accepted instead of public accounting experience. Each applicant must have passed a written examination satisfactory to the board, which may be the examination which he passed for his C. P. A. certificate or may be a written or oral examination set by the Institute.

Provision has been made for close co-operation between state societies of certified public accountants and the national organization by creation, under authority of the Institute's by-laws, of an Advisory Council of State Society Presidents which will work with the national organization as a consulting body.

Tregoe contest in final weeks

Manuscript deadline: April 15

Get going!

Forty days after the publication date of this issue of CREDIT AND FINANCIAL MANAGEMENT, the Board of Judges of the second J. H. Tregoe Memorial Prize Essay Competition will begin reading the manuscripts submitted. The judges are:

Dr. A. F. Chapin, New York University

David E. Golieb, Treasurer, The International Handkerchief Manufacturing Company

William H. Pouch, President, Concrete Steel Company, and Past President, N. A. C. M.

Dr. W. H. Steiner, Brooklyn College

David A. Weir, Assistant Executive Manager, N. A. C. M.

I. WHO IS ELIGIBLE:

For Class A prizes, any student or former student in the National Institute of Credit is eligible.

For Class B prizes, any student in the junior or senior classes of schools of commerce or business administration in recognized colleges or universities is eligible.

No employee of the National Association of Credit Men nor any of its local affiliated units is eligible for the competition.

II. PRIZES:

Class A

First	$100
Second	40
Third	20
Fourth	10

Honorable mention—Fifth to Tenth inclusive: 1 copy, 1937 edition "Credit Manual of Commercial Laws," for each place winner.

Class B

First	$100
Second	40
Third	20
Fourth	10

Honorable mention—Fifth to Tenth inclusive: 1 copy, 1937 edition "Credit Manual of Commercial Laws," for each place winner.

III. THESIS SUBJECTS:

Contestants have a choice of subjects relating to any phase of credit practice or policy or showing the relationship and importance of credit to the general business and economic life.

IV. BASIS OF AWARDS:

The following are among the factors which will be considered in conferring the prizes:

(1) The intelligence and understanding of credit and its importance as shown by the contestant in choosing his subject.

(2) Indication given of a knowledge of basic principles and practices in the field of credit.

(3) Indication that the contestant has an adequate conception of the relationship of credit to general business.

(4) Indication shown of constructive thought by the contestant on credit problems.

(5) Clearness and directness in presentation of the subject matter.

(6) Neatness, orderliness and method of expression.

V. ANNOUNCEMENT OF AWARDS:

The awards will be announced at the 42nd Annual Convention of the National Association of Credit Men at Chicago, Illinois, in June, 1937. Announcement will also be made in the June issue of Credit and Financial Management.

VI. GENERAL RULES FOR THE CONTEST:

(1) All manuscripts submitted must be typewritten, double-spaced, with at least one extra copy submitted. This second copy may be a carbon.

(2) The maximum length of the manuscript is to be 4,000 words.

(3) Those intending to compete for prizes should submit the attached blank to the National Association of Credit Men, 1 Park Avenue, New York, before March 1, 1937.

(4) All theses to be eligible for prizes must be in the National Association of Credit Men offices, 1 Park Avenue, Now York, not later than Thursday, April 15, 1937. *All manuscripts should be sent by registered mail.*

(5) Pages must be securely fastened at the top. The name and address of the contestant together with designation of business or school connection must be typewritten at the top of the first page. The name of the contestant only (for identification purposes) must appear on the top of each succeeding page. The manuscript must be accompanied by a letter of transmittal signed by the contestant.

VII. PUBLICATION:

(1) The thesis winning first prize in each class will be published in CREDIT AND FINANCIAL MANAGEMENT.

(2) The right is reserved to publish any other of the theses submitted in CREDIT AND FINANCIAL MANAGEMENT.

(3) No manuscripts will be returned to the writers.

To facilitate handling of essays and preparations for the competition, the coupon below should be sent to Mr. David A. Weir, Assistant Executive Manager, National Association of Credit Men, 1 Park Avenue, New York.

Submission of the coupon is not a requirement for consideration of a manuscript but it is earnestly requested by the Board of Judges of all those intending to participate.

. . . .

Mr. David A. Weir
National Association of Credit Men
One Park Avenue, New York

I desire to inform you that I will submit a manuscript in the second J. H. Tregoe Memorial Essay Competition in accordance with the contest requirements outlined above.

Name . . . .

Address . . . .

City and State . . . .

School or . . . .

Firm . . . .

Why did they steal?

JOHN R. BLAND, U. S. Fidelity & Guaranty Co., Baltimore, presents an analysis of 1001 embezzlement cases just made by his company.

The average person believes that most embezzlers steal funds because they need them for gambling purposes, a craving for liquor, or the support of some woman to whom they have become attached. That is not true as will later become apparent, although, of course, some embezzlers do take funds for those purposes.

The United States Fidelity and Guaranty Company has completed a recent study of the operations of embezzlers from information gained from 1001 files of the company. Many remarkable facts were brought to light.

American business men, it is estimated, annually lose $200,000,000 through dishonest employes. Property damage from fire in this country last year amounted to $259,000,000. The comparison of the two sums makes obvious the size of the loss for which embezzlement is responsible. When it is considered that most embezzlement losses are caused by trusted employes the seriousness of the situation is more apparent.

How does embezzlement affect business operations? The answer depends upon the size of the business, the financial condition of the business, and the amount of the defalcation. Certainly, many business houses are better able to withstand losses than others. But then, too, there are establishments which have had to close because an employe stole. There are those individuals whose private fortunes have been wiped out by employes embezzling the funds of their business. A typical case illustrates the point:

Four persons inherited a machine-making concern which had been in their family for several generations. Money had been made from the products sold and the patents controlled. The four owners were more interested in golf than their business. The latter was run by the secretary who had come to them years before with the highest recommendations. He not only attended to the finances of the business, but invested the funds for the family. After seven years the four owners were rudely awakened from their game of golf. When they looked into their business affairs they found that the secretary had taken over $25,000, and also their private estates.

It is true that these individuals did not attend strictly to business. On the other hand they trusted a personal friend and an employe under whose direction the business had been operated for years.

Suicides:

More committed suicide than absconded. Twenty-eight men and two women took their lives before or at the time their shortages were disclosed. In addition, there were five cases of sudden death, where a verdict of suicide was not given by the coroner. In twenty other cases, shortages were not discovered until the employe had died from apparently natural causes. In almost as many more, employes who were short in their accounts came to their employers and confessed.

The majority of embezzlements do not get into public print. Many a business man will pocket his loss, and say nothing rather than have his customers and creditors know that he erred in his judgment.

Embezzlement is rarely discovered before great damage has been done. There is no bookkeeping method which will offset manipulation. Nor is it possible to discover the manipulation for some time if the embezzler is expert. There is no established safeguard for a business man except Fidelity Bonds. Embezzlement does not take place because of any inherent weakness within business itself but because it deals with the human equation.

Who are the people who embezzle their employers' funds? What are they like and can the employer distinguish them from others in his employ? In connection with these questions an interesting study has been issued by this Company. And sad to state there is no way in which a business man can know definitely that an embezzler is in his employ, for the embezzler is an ordinary individual with no criminal characteristics.

Here are some of the characteristics of the average embezzler. He is thirty-six years old, married, and has several children. He lives in a reputable neighborhood. He has had a high school education. He is a good mixer. He belongs to a church, a club or a lodge. He has worked faithfully for over five years. His salary is about $175 a month. He owns an automobile.

Ask any employer if he has such a man in his establishment. Of course he has. The picture fits employes everywhere—for the embezzler is an *average* man. And yet this average man yearly steals $200,000,000.

When caught the embezzler will indignantly deny that he is a thief. He seldom absconds with his stolen funds. He is not unlikely to commit sucide. Nearly every embezzler asserts that he only "borrowed" from his employer, and that he had every idea of paying it back. That is probably true. But, always, when the time comes to return the funds the embezzler has other bills which will not permit him to do so, or he finds pressing needs that require him to take more money. One way or another his peculations grow until he is hopelessly involved. When caught he can never produce the sum he has stolen. If he is sent to prison he will not associate with criminals. He has none of the traits of the criminal.

If the embezzler is not a criminal,

Why they stole: Men

MOTIVE	NUMBER	PER CENT.
Revenge	1	.1
Dishonest son	1	.1
Blackmail	2	.2
Saving for a rainy day	2	.2
Replacing lost money	2	.2
Wives	7	.7
Operation of another business	13	1.4
Mentally irresponsible	14	1.5
Inadequate income	18	1.9
Sickness of wife, son or daughter	57	5.9
Speculation	84	8.7
Women	102	10.6
Bad business managers	133	13.8
Accumulation of debts	156	16.2
Living above their means	161	16.7
Gambling and/or drink	169	17.6
Criminal characters	41	4.2
Total	963	100%

Women

MOTIVE	NUMBER	PER CENT.
Sickness in family	2	5.3
Dependents	4	10.6
Operation of another business	1	2.6
Mentally irresponsible	3	7.9
Gambling	2	5.3
Men	2	5.3
Accumulation of debts	11	28.8
Living above their means	13	34.2
Total	38	100%

Occupational distribution: Men

POSITIONS	NUMBER
Executive Officers	49
Treasurers	17
Secretaries—Building and Loan Companies, Social Organizations	18
Branch Managers—Groceries, Clothing Stores, Dairies, Auto Accessories, Oil Companies, Loan Companies, Lumber Yards, etc.	201
Clerks in offices and stores	52
Accountants and Auditors	17
Bookkeepers	69
Buyers	5
Paymasters	4
Collectors	35
Cashiers	70
Adjusters	4
Investigators	4
Superintendents of Lumber, Coal, Oil Tank Yards	7
Salesmen for Meat, Grocery, Oil, Lumber Companies, and Appliances	115
Representatives of Oil and Gas Companies, Insuraince Companies, Motion Picture, Automobi le, Specalty and Advertising Companies	262
Merchandise Brokers	2
Time Keeper	1
Drivers and Delivery Men	8
Warehousemen and Stock Clerks	5
Foremen, Laborers	5
Club Stewards	3
National Guard Officers and Ship Captains	5
Attorneys	3
Foreign Consul	1
Optician	1
	963

Women

POSITIONS	NUMBER
Cashiers	21
Bookkeepers	9
Collector	1
Store Superintendent	1
Clerk in office	1
Saleswoman	1
Manager	1
Assistant Treasurer	1
Secretary	1
Auditor	1
	38

why does he steal? Can't the employer control the factors which lead to the embezzlement?

In answer to the first question an embezzler steals for a number of reasons. In the accompanying table those reasons are apparent. They have been taken from the cases studied by this company.

Any employer will have a difficult time controlling the elements which cause embezzlement. The elements are temptations—the same which confront all of us daily. Unfortunately, some are more prone than others to fall for temptations. Due to weakness of character that is not apparent on the surface they are unable to control their actions.

A business man would like to know the positions which bear watching for possible embezzlement. But there are no particular positions. Executive Officers, Treasurers, Secretaries, Managers, Clerks, Accountants, Bookkeepers, Paymasters, Cashiers, Collectors may all become embezzlers. There is no way to tell until the shortage has been discovered.

Embezzlement is not necessarily confined to stealing cash, checks or negotiable securities. Many embezzlers find it much more profitable to take manufactured or raw products, merchandise or goods. They are more difficult to trace, and a shortage is usually not noticed as quickly as cash.

This is vividly illustrated in a recent case in Rochester, N. Y. A shipping clerk worked for a large produce house. He took the raw products for eight years. His employers knew that their goods were disappearing but they were unable to center the blame on any one employe. They hired private detectives who worked for months in the shipping department, but did not bring to light the guilty one. Eventually the clerk was caught. His method was easy. He had friends drive up in trucks, and on them he would load products that the friends had bought. But he also loaded small quantities that they had not ordered. The friends drove off and sold the unpaid goods in other stores or direct from the trucks. During eight years of this embezzlement the shipping clerk got away with $34,500.

Embezzlers, however, usually want cash and they need it for pressing reasons. There are any number of ways in which they may secure the funds. Supposition would have it that those working near the cash drawer or having control of the (*Cont. on p.* 28)

The business thermometer:

Manufacturers and wholesalers sales and collections show rise over year ago in January, 1937

Value of wholesale trade increased substantially in January 1937 from January 1936 and collections on accounts receivable were made at a slightly higher rate over this period, according to reports of wholesalers in the monthly joint study of the National Association of Credit Men and the Bureau of Foreign and Domestic Commerce, Department of Commerce.

Total net sales of 1094 reporting wholesalers increased 16 percent in January 1937 from January 1936, a continuation of a change recorded for every month of 1936 over the corresponding month of 1935. Without adjustment for seasonal influences, January 1937 sales registered a decrease of about 4 percent from December of last year.

All of the wholesale trade groups shown in this report excepting farm products and tobacco products had increased sales in January this year over the same month last year with durable and semi-durable goods showing the most favorable improvement and consumption goods the least favorable improvement. The increases ranged from 5.4 percent for groceries and foods to 50.4 percent for metals. Shoes, electrical goods, plumbing and heating equipment, jewelry, and furniture wholesalers averaged increases in sales of over 30 percent. In comparison with December 1936, 3 of the groups showed increases and 17 showed decreases.

Results presented separately by certain geographical regions indicate that sales in January as compared with January a year ago increased in most all sections of the country for the wholesale trade groups shown. Increases greatly in excess of the average for certain trades were shown in a number of regions, particularly in the Pacific and South Atlantic States.

Percentages of collections on accounts receivable submitted by 621 wholesalers were higher in January this year than in January last year but under December last year. In January 1937, 71.3 percent of accounts receivable were collected as compared with 78 percent for December and 70.7 percent for January a year ago.

In reflecting the average experience of the reporting establishments the median percentage has been selected as the most suitable average. This method gives equal weight to all firms regardless of the volume of business done and the figure is obtained by arranging the individual collection percentages in order of size and selecting the middle item. This procedure tends to minimize fluctuations.

Twelve of the 19 wholesale groups reporting showed a higher average collection percentage for January 1937 than for January 1936. The greatest relative increase in collections from a year ago was registered by wholesalers of paints and varnishes.

The highest collection percentages were shown by the meats and meat products group, the median collection figures being 115.7 percent for January this year and 118 percent for both January and December of last year. These percentages indicate that customers of these firms took less than thirty days on the average to pay for their purchases.

Total net sales and collections on accounts receivable showed substantial improvement during January 1937 for the group of manufacturers reporting in the monthly joint study of the National Association of Credit Men and the Bureau of Foreign and Domestic Commerce, Department of Commerce. This is a continuation of the gains in sales and higher rates of collections recorded for each month of 1936 as compared with the same month in 1935 by this group of manufacturers.

The total net sales of the 513 manufacturers throughout the country reporting in January 1937 registered an increase of 22 percent from January 1936. Without adjustment for seasonal influences, January 1937 sales registered a decrease of approximately 3 percent from December of last year.

Total sales increased in January 1937 over the same month last year for all of the 15 industry groups shown in the report except petroleum products. The increases ranged from 15.3 percent for printing and publishing to about 50 percent for iron and steel and their products. The increases in January 1937 sales over January 1936 for stone, clay and glass products; machinery; and non-ferrous metals and their products also were high, the increases exceeding 40 percent.

Percentages of collections on accounts receivable submitted by 459 manufacturers were higher for January 1937 than for January a year ago but under December last year. During January this year the manufacturers reporting collected 78.1 percent of their accounts receivable outstanding on the first of that month as compared with 75.6 percent collected during January and 80.4 percent collected during December of last year.

Eight of the 15 industry groups shown reported a higher average collection percentage for January 1937 than for January 1936. The leather and its products group registered the greatest relative increase in collections over this period.

The highest collection percentages were reported by the meat packing industry, the figures for each of the three months covered exceeding 100 percent, indicating that customers of these firms took less than 30 days on the average to pay for their purchases. The percentage of 172.5 for January 1937 indicates that the accounts owing to these firms on January 1 were paid on an average of 17 days.

Tables and charts in detail follow:

Sales and collections on accounts receivable of reporting WHOLESALERS in 20 kinds of business January 1937

Kinds of business	Number of firms reporting sales	Sales reported: Jan. 1937 percentage change from: Jan. 1936	Dec. 1936	Sales reported: Thousands of dollars: Jan. 1937	Jan. 1936	Dec. 1936	Number of firms reporting collections	Percent* of collections during month to accounts receivable at beginning of month: Median percentages: Jan. 1937	Jan. 1936	Dec. 1936
Automotive supplies	40	+14.3	—24.3	1,281	1,121	1,693	30	60.0	57.5	65.5
Clothing and furnishings except shoes	18	+ 7.3	— 8.5	887	827	969	9	60.0	60.0	65.0
Shoes and other footwear	44	+38.7	+63.7	17,842	12,865	10,902	15	35.7	36.0	47.0
Coal**	—	—	—	—	—	—	—	—	—	—
Drugs and drug sundries	121	+13.1	— 5.8	16,834	14,888	17,867	70	77.0	71.5	75.5
Dry goods	89	+18.0	+ 8.6	12,843	10,880	11,826	29	46.0	44.8	51.6
Electrical goods	84	+37.9	—34.6	6,749	4,895	10,317	23	77.5	76.9	85.1
Farm products (consumer goods)	25	— 6.8	—24.6	2,830	3,037	3,754	25	100.0	95.5	120.0
Furniture and house furnishings	25	+30.4	—29.1	1,262	968	1,780	12	44.1	48.0	52.4
Groceries and foods, except farm products	260	+ 5.4	— 5.2	33,353	31,647	35,199	188	97.1	93.6	103.4
Meats and meat products	20	+12.5	+11.5	9,379	8,334	8,409	19	115.7	118.0	118.0
Hardware	135	+19.5	—15.2	14,323	11,986	16,895	41	51.0	50.3	61.0
Jewelry and optical goods	14	+34.1	—56.1	275	205	626	—	—	—	—
Lumber and building material	12	+15.0	—21.2	589	512	747	12	59.8	57.0	72.3
Machinery, equipment and supplies, except electrical	25	+24.5	—12.8	2,301	1,848	2,638	24	65.3	68.8	75.2
Metals	6	+54.4	— 6.2	335	217	357	6	73.9	60.0	71.1
Paints and varnishes	9	+13.3	— 8.4	307	271	335	9	48.4	36.0	48.0
Paper and its products	64	+15.9	—10.6	3,786	3,268	4,234	34	70.3	67.4	72.9
Petroleum and its products**	—	—	—	—	—	—	—	—	—	—
Plumbing and heating equipment and supplies	62	+36.6	—21.3	2,249	1,647	2,857	34	55.5	54.6	66.5
Tobacco and its products	7	— .2	—27.5	599	600	826	7	102.0	105.9	107.6
Miscellaneous, total	34	+ 5.0	—24.6	4,259	4,055	5,650	34	65.5	65.0	66.2
Leather and shoe findings	8	+69.6	+32.1	251	148	190	—	—	—	—
Beer, wine and spirituous liquors**	—	—	—	—	—	—	—	—	—	—
Total	1,094	+16.0	— 4.1	132,283	114,071	137,881	621	71.3	70.7	78.0

*These figures should not be related to sales figures for current month. They represent only ratio of collections during that month to accounts receivable at beginning of month. The wide differences existing between the percentages for various kinds of business are due principally to variations in terms of sales.

**Insufficient number of reports at present to show results separately; figures now included with Miscellaneous.

Sales and collections on accounts receivable of reporting MANUFACTURERS in 15 industries January 1937

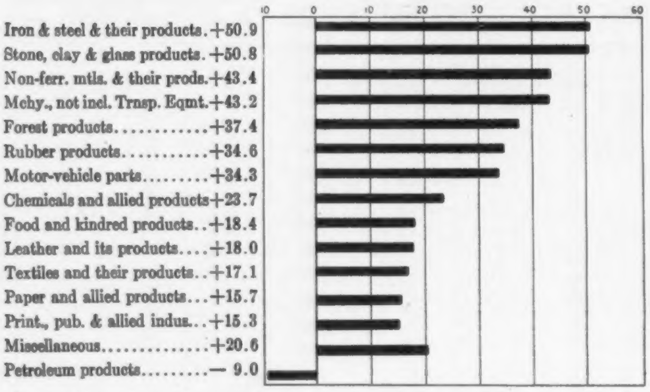
Industry	Number of firms reporting sales	Sales reported: Jan. 1937 percentage change from: Jan. 1936	Dec. 1936	Sales reported: Thousands of dollars: Jan. 1937	Jan. 1936	Dec. 1936	Number of firms reporting collections	Percent* of collections during month to accounts receivable at beginning of month: Median percentages: Jan. 1937	Jan. 1936	Dec. 1936
Food and kindred products, total	92	+18.4	— 7.1	21,236	17,940	22,857	84	109.0	107.4	123.0
Confectionery and flavoring extracts	16	+16.1	—25.3	2,213	1,906	2,961	14	96.2	92.7	108.8
Flour, cereals and other grain mill products	16	+32.0	+13.7	7,798	5,906	6,857	15	119.0	106.6	117.0
Meat packing	15	+ 8.6	—12.1	3,670	3,378	4,173	14	172.5	156.9	178.1
Textiles and their products, total	74	+17.1	— 5.7	14,072	12,012	14,926	65	71.9	70.0	73.2
Clothing, men's, except hats	20	+ 9.4	— 6.7	3,117	2,849	3,342	15	51.1	54.4	61.4
Clothing, women's, except millinery	16	+ 7.2	— 4.5	1,669	1,557	1,748	14	76.9	80.0	72.9
Knit goods	10	+15.7	—29.3	1,149	993	1,626	10	71.0	62.5	74.6
Forest products, total	24	+37.4	—10.2	1,408	1,025	1,568	21	60.0	62.0	68.0
Furniture	16	+36.7	—10.0	1,178	862	1,309	14	58.7	57.5	69.2
Lumber, timber and other miscellaneous forest products	8	+41.1	—11.2	230	163	259	7	63.0	63.0	64.1
Paper and allied products, total	59	+15.7	+ 1.2	9,715	8,399	9,603	48	82.8	78.1	84.6
Paper, writing, book, etc.	10	+17.7	+ 3.0	3,018	2,564	2,929	10	92.8	95.1	91.0
Paper boxes and other paper products	28	+16.8	— 9.2	4,064	3,480	4,474	22	88.5	87.0	92.5
Wall paper	21	+11.8	+19.7	2,633	2,355	2,200	16	42.5	39.5	52.9
Printing, publishing and allied industries	7	+15.3	—38.9	377	327	617	6	73.8	70.9	75.9
Chemicals and allied products, total	36	+23.7	+ 6.1	9,152	7,401	8,628	34	62.2	65.8	65.3
Paints and varnishes	19	+32.2	+33.1	1,842	1,393	1,384	18	46.3	43.4	48.9
Pharmaceuticals and proprietary medicines	9	+18.0	+ 0.4	1,978	1,676	1,970	9	67.1	82.0	68.1
Petroleum products	13	— 9.0	— 8.8	34,200	37,560	37,497	8	73.2	75.4	72.9
Rubber products	9	+34.6	+16.4	2,305	1,712	1,980	8	73.1	71.7	74.2
Leather and its products, total	26	+18.0	+30.7	8,086	6,852	6,189	24	55.4	49.8	55.6
Boots and shoes	19	+12.2	+61.9	6,005	5,351	3,710	17	43.5	43.4	50.0
Stone, clay and glass products	19	+50.8	— 7.2	5,564	3,688	5,994	19	77.0	69.0	83.6
Cement**	—	—	—	—	—	—	—	—	—	—
Iron and steel and their products, total	54	+50.9	— 1.8	37,200	24,651	37,888	49	82.0	83.0	85.6
Hardware	11	+48.7	+12.0	2,994	2,013	2,673	11	86.6	83.0	86.6
Stoves, ranges, and steam heating apparatus**	—	—	—	—	—	—	—	—	—	—
Other iron and steel products	43	+51.1	— 2.9	34,206	22,638	35,215	38	80.9	87.5	85.3
Non-ferrous metals and their products	11	+43.4	— 9.6	2,913	2,032	3,222	12	78.0	81.3	78.0
Machinery, not including transportation equipment, total	42	+43.2	+ 2.8	27,989	19,544	27,216	38	82.0	75.1	80.7
Electrical machinery, apparatus and supplies	15	+35.6	+ 3.3	19,917	14,690	19,290	15	83.0	83.9	86.5
Other machinery: foundry products	27	+66.3	+ 1.8	8,072	4,854	7,926	23	80.0	72.3	73.0
Motor-vehicle parts	12	+34.3	— 4.1	5,646	4,205	5,883	10	88.0	90.5	96.6
Miscellaneous industries	35	+20.6	— 9.8	6,270	5,201	6,949	33	67.5	69.0	79.5
Total	513	+22.0	— 2.6	186,133	152,549	191,017	459	78.1	75.6	80.4

*These figures should not be related to sales figures for current month. They represent only ratio of collections during that month to accounts receivable at beginning of month.

**Insufficient number of reports at present to show results separately; figures now included with industry group total.

PERCENTAGE OF INCREASE IN SALES OF 513 MANUFACTURERS IN 15 INDUSTRIES

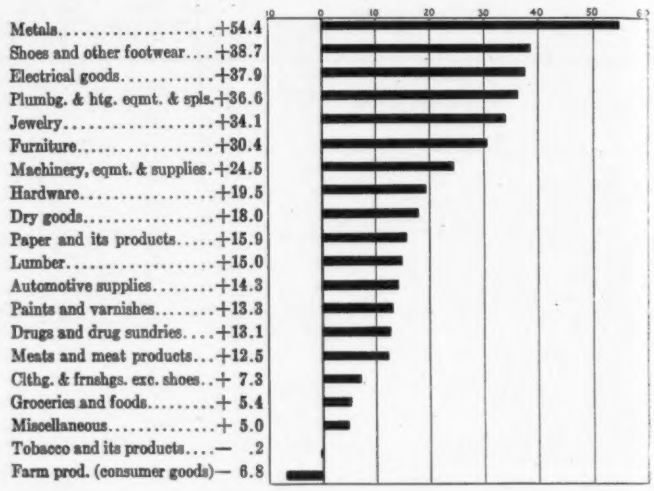
JANUARY 1937 COMPARED WITH JANUARY 1936



Source: Marketing Research Division, Bureau of Foreign and Domestic Commerce

PERCENTAGE OF CHANGE IN SALES OF 1094 WHOLESALERS IN 20 KINDS OF BUSINESS

JANUARY 1937 COMPARED WITH JANUARY 1936



Sales and collections on accounts receivable of reporting WHOLESALERS in 9 kinds of business, by geographic regions January 1937

(Results shown only for those trades having a sufficient number of reports for one or more regions*)

Kind of business and region	Number of firms reporting sales	Sales reported: Jan. 1937 percentage change from: Jan. 1936	Dec. 1936	Thousands of dollars: Jan. 1937	Jan. 1936	Dec. 1936	Number of firms reporting collections	Percent* of collections during month to accounts receivable at beginning of month — Median percentages: Jan. 1937	Jan. 1936	Dec. 1936
Automotive supplies, total	40	+14.3	—24.3	1,281	1,121	1,693	30	60.0	57.5	65.5
Pacific	14	+24.2	— 6.8	344	277	369	—	—	—	—
Shoes and other footwear, total	44	+38.7	+63.7	17,842	12,865	10,902	15	35.7	36.0	47.0
Middle Atlantic	12	+44.2	+ 6.1	1,386	961	1,306	—	—	—	—
Drugs and drug sundries, total	121	+13.1	— 5.8	16,834	14,888	17,867	70	77.0	71.5	75.5
Middle Atlantic	15	+14.6	+ 2.8	2,666	2,327	2,593	12	76.8	70.6	82.5
East North Central	22	+15.6	—14.6	2,898	2,508	3,395	14	88.5	88.5	94.4
West North Central	14	+11.5	— 3.0	2,176	1,951	2,244	—	—	—	—
South Atlantic	18	+13.3	+ 2.2	1,469	1,296	1,438	10	60.1	65.1	64.9
East South Central	11	+11.3	— 5.2	1,148	1,031	1,211	—	—	—	—
West South Central	24	+ 4.6	—11.4	3,087	2,950	3,484	11	71.0	72.0	76.0
Pacific	10	+20.7	— 2.1	2,839	2,353	2,900	—	—	—	—
Dry goods, total	89	+18.0	+ 8.6	12,843	10,880	11,826	29	46.0	44.8	51.6
Middle Atlantic	17	+12.1	—14.8	1,883	1,680	2,209	—	—	—	—
East North Central	9	+23.0	—15.9	929	755	1,104	—	—	—	—
South Atlantic	14	+23.9	+ 2.7	1,535	1,239	1,495	—	—	—	—
East South Central	13	+30.3	+20.4	1,405	1,078	1,167	—	—	—	—
West South Central	14	+18.8	+55.5	1,683	1,417	1,082	—	—	—	—
Pacific	9	+15.1	+16.2	602	523	518	—	—	—	—
Electrical goods, total	84	+37.9	—34.6	6,749	4,895	10,317	23	77.5	76.9	85.1
East North Central	38	+28.9	—45.8	2,181	1,692	4,024	—	—	—	—
West North Central	9	+63.8	—26.6	716	437	975	—	—	—	—
Pacific	18	+33.8	—21.1	2,168	1,620	2,748	—	—	—	—
Groceries and foods, total	260	+ 5.4	— 5.2	33,353	31,647	35,199	188	97.1	93.6	103.4
Middle Atlantic	49	+ .9	—14.4	7,441	7,371	8,695	35	87.3	88.0	101.9
East North Central	57	+ 2.2	—13.3	7,610	7,448	8,776	45	98.7	88.1	109.2
West North Central	41	+ 2.0	— 4.6	3,288	3,223	3,448	26	98.2	101.0	113.1
South Atlantic	30	+ 6.4	— 5.8	1,969	1,851	2,091	19	99.0	90.7	103.9
East South Central	11	+16.5	—12.0	544	467	618	—	—	—	—
West South Central	24	+ 4.9	— 2.9	2,976	2,838	3,064	20	96.8	99.3	103.2
Pacific	36	+13.8	+14.8	7,509	6,600	6,543	28	109.0	108.6	116.0
Hardware, total	135	+19.5	—15.2	14,323	11,986	16,895	41	51.0	50.3	61.0
Middle Atlantic	26	+21.7	—38.2	1,396	1,147	2,261	—	—	—	—
East North Central	18	+19.4	—31.5	2,398	2,008	3,499	—	—	—	—
West North Central	20	+ 9.2	—12.5	1,933	1,770	2,208	—	—	—	—
South Atlantic	17	+30.5	+ 9.9	1,351	1,035	1,229	14	50.2	47.0	49.2
East South Central	14	+24.3	— .7	1,962	1,578	1,976	—	—	—	—
West South Central	17	+22.5	+ 3.2	1,394	1,138	1,351	—	—	—	—
Pacific	17	+18.7	— 7.1	3,546	2,987	3,816	—	—	—	—
Paper and its products, total	64	+15.9	—10.6	3,786	3,268	4,234	34	70.3	67.4	72.9
Middle Atlantic	20	+ 6.6	—11.2	1,136	1,066	1,280	—	—	—	—
East North Central	11	+23.1	—15.1	857	696	1,010	11	74.2	67.6	73.0
Pacific	11	+12.4	—16.3	345	307	412	—	—	—	—
Plumbing and heating equipment and supplies, total	62	+36.6	—21.3	2,249	1,647	2,857	34	55.5	54.6	66.5
Middle Atlantic	9	+37.0	—25.7	352	257	474	10	47.9	48.5	65.8
Pacific	10	+28.4	—13.8	448	349	520	9	58.2	62.2	70.8

*States comprising regions: New England (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont)
Middle Atlantic (New Jersey, New York, Pennsylvania)
East North Central (Illinois, Indiana, Michigan, Ohio, Wisconsin)
West North Central (Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
South Atlantic (Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia
East South Central (Alabama, Kentucky, Mississippi, Tennessee)
West South Central (Arkansas, Louisiana, Oklahoma, Texas)
Mountain (Arizona, Colorado, Idaho, Montana, Nevada, New Mexico Utah, Wyoming)
Pacific (California, Oregon, Washington)

Topics for Credit Congress

Varied subjects to be discussed at group sessions at big Chicago Convention of N. A. C. M.

by ALLEN SELBY,
General Chairman, Credit Congress of Industry

Progress made in plans for the 42nd Annual Convention and the Seventh Credit Congress of Industry of the National Association of Credit Men leads to the inescapable conclusion:

That the credit conferences at the Stevens Hotel, Chicago, June 21-24, inclusive, will top all previous conventions of the nation's credit interests.

Attendance is expected to double the former high. Interest has never been greater. And the need for thoroughly threshing out the many intricate and involved credit problems facing business has never been more imperative.

Judging largely from correspondence with credit leaders in all parts of the country, there is a growing and widespread feeling that the men who guide the credit destinies in businesses must measure up to higher standards.

They must be capable of carrying on under the complex "rules of the game." Changes in business rules were introduced at the beginning of the first Roosevelt administration, with more changes as time went on. Other changes undoubtedly will have occurred by convention time.

How to operate under this flux in the rules is a problem for most of us.

The recitation of how industry leaders are solving their predicament will provide the various sessions of the Credit Congress of Industry with additional pulling power—with additional value.

Some businesses have made outstanding progress under the new rules. Others have faltered. Yet among those industries which have not done so well, as a class, are certain outstanding individuals, who challenge the assumption that progress is impossible.

This aspect of present day business, my correspondents write, is among the subjects they hope to hear discussed next June. It is fair to say that credit executives as well as management are more conscious today, than they have ever been, of the necessity for charting a true course through the currents and cross-currents of our economic structure. The help which a cooperative organization, such as the National Association of Credit Men, can give under present circumstances cannot be overestimated.

Chairmen of many credit groups see so much of value in the series of forthcoming conferences that they have already done a tremendous amount of constructive work in their program planning.

Frank H. Wheat, Federal Match Sales Corporation, New York City, National Chairman, NATIONAL FOOD & ALLIED PRODUCTS CREDIT GROUP, has already completed a tentative draft of his program.

Frank H. Wheat

An outstanding feature is to be a survey of actual conditions and practices in nine of the nation's largest markets. The report will be given, first hand, by respective Local Group Chairmen from Baltimore, Boston, Chicago, Cincinnati, Kansas City, New Orleans, New York, Philadelphia and St. Louis.

"Benefits to Be Derived from Industry Group Cooperation" and other subjects will be handled by additional speakers. The group luncheon will be held at 12:30 P. M. on Tuesday. Mr. Wheat announces the appointment of Osbon W. Bullen, Lever Bros., Cambridge, Mass., as National Vice-Chairman.

PAINT, VARNISH & LACQUER CREDIT GROUP—TRADE SALES DIVISION, of which Carl G. Lueders, Sunnyside Oil Company, Chicago, was announced as National Chairman last month, is to have the assistance of L. E. Schroeder, president, The Chicago Association of Credit Men, and vice-president, Geo. E. Watson Co., as Co-Chairman.

Carl G. Lueders

L. E. Schroeder

The heads of this group are also on their toes, and have submitted an excellent tentative set-up for their Credit Congress of Industry meetings.

Messrs. Lueders and Schroeder propose that all visiting members of their group shall feel at home during their stay in Chicago and that when "they return home they will remember Chicago for a long time to come." To this end a special "Greeters Committee" is being appointed.

The program, they report, will vie with any university course as far as instructions are concerned. Not only present practice but future trends will be subjects for discussion. Each speaker will be a man versed and experienced in his particular field. Discussion of the different phases of credit work will consume the major part of the time. These will include:—"Credit and Sales," "Terms and Discounts," "Collections," "Settlements," "Assignments," "Liquidations," "Trusteeships," "Financial Statements," "Credit Department Procedure" and "Value of Credit Group Meetings."

In concluding their report, Messrs. Lueders and Schroeder wrote: "To those in our industry, company executives as well as credit men, make reservations to attend

this convention now. It will pay you big dividends."

One of the important and rapidly growing groups is that of ADVERTISING MEDIA, whose convention activities are in the hands of National Chairman Floyd Egner, Cleveland (O.) Plain Dealer.


Floyd Egner

According to initial announcement by Mr. Egner the Monday meeting will be addressed by a nationally known newspaper executive. At this same session will also be discussed the Robinson-Patman Act, the Walsh-Healy Act and the Federal Social Security Act. Office forms will be displayed and discussed.

After the Tuesday Luncheon, 12:30 to 1:30, the advertising men plan a second stiff session straight through to the end of the day. Discussions will center about various newspaper topics including "Contracts," "Relations with Agencies" and "Credit and Collection Procedures." Attendance will exceed all group records.

The program for the PUBLIC UTILITY CREDIT GROUP is being arranged by its National Chairman, R. W. Forwood, Consumers Power Company, Grand Rapids, Michigan, and four National Vice-Chairmen, Edward R. Cullis, Tennessee Electric Power Company, Chattanooga; A. E. Ergens, New York Edison Co., New York City, and Claude A. Parks, Southwestern Gas & Elec. Co., Shreveport, La., and Albert R. Foster, San Diego Consolidated Gas and Elec. Co., San Diego, Cal.


R. W. Forwood

National Chairman Forwood reports that the program is tentatively being set up under three headings:—(1) Credit and Collections—Service Accounts; (2) Credit and Collections—Appliance Sales; (3) The Utility Credit Men's Other Responsibilities, and miscellaneous subjects.

A Chicago utility credit man will welcome the group members, and a public utility executive from the same city will follow with a thirty-minute address, on a subject of genuine importance to the group.

Prepared papers and discussions are being arranged on such subjects as: "What Questions Should Be Asked the Customer When He Applies for Service?" "What can the Credit and Collection Department Do Towards Securing Customer's Good Will?" "Should Credits and Collections Be Handled in the Same Office?" "Appliance Installment Terms," "Cooperation—Sales and Credit Departments," "How Can the Credit Department Assist Credit Sales?" "Length of Time Required to Approve Credit on Appliance Contracts," "Dealers' Cooperative Sales," "Would It Be Beneficial for the Credit Department Thoroughly to Check Applications of Prospective Employes?" "Getting Along with People," "Complaints and Investigations," "Retail Credit Bureau—To What Extent Do You Use It?" "Government Control versus Private Management," "Systems Used by Utilities—Various Forms," etc.

C. H. Rison, Grinnell Company, Providence, R. I., is the highly competent chairman of the PLUMBING AND HEATING CREDIT GROUP. With an ideal type of program in mind, he is canvassing the field, nationally, to select speakers, who not only have something to say, but will point out future trends in the industry.


C. H. Rison

He intends that the completed program shall be one to advance the industry credit-wise and attract the largest attendance. Those certainly are worth while objectives, and there is no doubt in our mind that he will attain both. Frank A. Meyer, Crane Company, Chicago, has been appointed National Vice-Chairman.

The feature of the MACHINERY, MACHINISTS AND MANUFACTURERS SUPPLIES CREDIT GROUP meetings, according to National Chairman Oscar Iber, O. Iber Co., Chicago, will be a dramatic presentation of the proceedings at an actual meeting of the Chicago Group.


O. Iber

In this famous group are fifty nationally known concerns. It was organized sixteen years ago and has held monthly meetings ever since.

Mr. Iber cordially invites industry members to the 7th Credit Congress of Industry and to be present at the dramatized meeting of the wholesalers.

"Come and see how we hold down our credit losses," he says. Group members participating in the performance represent the following concerns:

Acme Steel Company, W. D. Allen Mfg. Co., Aluminum Company of America, American Screw Company, Anaconda Wire & Cable Co., Chas. H. Besly & Co., Boston Gear Works, Inc., Brown & Sharpe Company, H. Channon Company, Chicago Belting Co., Chicago Molded Products Corp., Chicago Tube & Iron Co., The Chicago Screw Company, Cook Electric Company, Crowe Name Plate & Mfg. Co., Crown Rheostat & Supply Co., Central Steel & Wire Co.

Danly Machine Specialties, Inc., Henry Disston & Sons Inc. of Ill., Fairbanks, Morse & Company, Federated Metals Corp., The Gerrard Company, Inc., The Wm. D. Gibson Company, Goodman Manufacturing Co., Great Lakes Plating Co., Great Lakes Supply Corp., Samuel Harris & Co., O. Iber Company, Illinois Coil Spring Co., D. O. James Mfg. Co., W. A. Jones Fdry. & Machine Co., Joslyn Mfg. & Supply Co., Link-Belt Company.

William V. MacGill & Co., McMaster-Carr Supply Co., The S. Obermayer Co., B. R. Paulsen & Co., Pheoll Manufacturing Co., Richardson Company, C. A. Roberts Company, Roth Rubber Co., Scovill Mfg. Company, Simonds Saw & Steel Co., Steel Sales Corporation, United Screw & Bolt Corp., Victor Mfg. & Gasket Co., J. D. Wallace & Co., Wm. Wallace & Sons, Western Bearings Co., The Western Foundry Co.

Plans of the DRUGS, CONFECTION AND TOBACCO WHOLESALERS CREDIT GROUP contemplate at least one joint meeting with Drugs and Chemical Manufacturers, according to Harry E. Silverstone, Galler Drug Company, Chicago, National Chairman of the former group.


Harry E. Silverstone

National Chairman Silverstone is out to insure the presence of a nationally known speaker to handle one of his selected subjects. He says, "you can be assured that the program our boys have to offer will be hard to beat."

Round table discussions will feature the program tentatively arranged by H. E. Kay, Industrial Brownhoist Corporation, Bay City, Mich., National Chairman of the MACHINERY MANUFACTURERS CREDIT GROUP. The seven major subjects, each with a number of subdivisions, concern: "Measuring Credit Department Efficiency," "Credit Department Organization and Function," "Credit Policies," "Collection Activity," "Problems in Selling Through Machinery Dealers or Agents," "Attitude Toward Involved Debtors," "Promotion (*Cont. on page* 47)


H. E. Kay

Why did they steal?

(*Cont. from page* 21) finances of the company most frequently fall from grace. That is not necessarily true.

A man in Wisconsin worked as a clerk in a battery company. When customers ordered repair work on a car the order blanks came to him in triplicate. The original blank went over to the head office. But the clerk saw that the original blank was destroyed. He filed only a carbon copy in his branch office, and the superintendent assumed that the original had gone to the proper place. The clerk paid himself the money for the repair jobs that should have gone to the main business establishment. The head office didn't know the difference for they never saw the original orders for repair work. The loss was $27,000.

The assistant manager of a New York collection organization had worked for his employers since office boy days. One of his duties was to purchase stamps with a check drawn to his order. But he didn't spend it all on stamps. His dishonesty was only discovered when by chance a stamp machine was installed. The petty peculations of money supposed to buy postage stamps amounted to $9,722.86.

And so they go. For one reason or another formerly honest and responsible men turn embezzlers. The stock market holds a fascination for many. "Other women" have to be supported. Gambling debts have to be paid. The pitiful thing about the act of the embezzler is that he ruins other lives than his own. In case after case his wife will divorce him, and his home is broken up. His children are left with a black mark against their name. The embezzler has broken his trust with his business friends and associates. His chances for future employment in a responsible position are slim. No wonder many embezzlers when brought to task kill themselves. That is the only possible way out of an intolerable situation.

Is there no available protection for American business against these raids? It has been said that no bookkeeping method is infallible. And as the average period of embezzlement is two and a half years it is obvious that figures do lie—for any responsible business house will order regular audits of the books. Audits and frequent ones will be made. Unquestionably a good accountant can pick out flaws in the books better than one who does not know the tricks that may be written into them. He can discover "kiting" of accounts and tampered figures.

But the accountant cannot begin to relieve the employer of the fear that he may harbor an embezzler. The best the business man can hope is that the examiner of his books may bring to light the presence of embezzlement if it exists. But even then the business must bear the loss and make it good from the assets. The only hope is that the discovery has been made before the loss reaches staggering proportions.

There is only one known expediency that may be employed which will relieve the possibility of loss by embezzlement. Every employe from officer to minor clerk should be bonded by a reliable surety company against possible dishonest acts. The bonds should not only apply to the persons who come in contact with the cash items. As it is an impossibility to end embezzlement the next best thing is to stop the losses. And that is what the fidelity bond does. If there be a loss the business house is not forced to bear the brunt of the attack. The loss is made good by the surety.

Although a fidelity bond is usually described as fidelity insurance—it is more than that. The fidelity bond is a three party obligation. It is a contract under which the surety agrees to indemnify the employer against loss arising from the infidelity of an employe—or any employe, depending on the type of fidelity bond that has been issued.

Fidelity bonds are the only known answer to the inability of employers to foresee the reaction of their employes when subjected to moral or financial pressure. The fidelity bond covers the employer in all ways. It does not cover only money losses but also property losses. It protects the American business man against a loss that is just as potent and just as possible as a loss by fire. The fidelity bond has a moral effect and a restraining influence on employes if for no other reason than the fact that they know they are bonded.

Even before the fidelity bond is written or handed over to the employer it has served a useful purpose for him —and the employer may never realize the fact. It is the custom of surety companies when considering a bond to investigate closely the personal life, the former employment record, and the habits of any employe who falls under the bond coverage.

The surety company is not looking for a loss under its bond any more than the business man is looking for a loss from the assets of his business. If any undesirable qualities crop up in the character of an employee the surety would generally be unwilling to write the bond, and the employer would know that all was not as it should be with regard to his contemplated employe. Each surety bond is written on the belief that there will be no loss. It would be ridiculous to write a surety bond that looks doubtful from the outset.

What is the proper amount for a fidelity bond? How much of this "insurance" should an employer carry on his staff? The question can only be answered after a study by the employer and the representatives of the surety as to the needs of the business and the individuals in it. One thing is evident. The number of firms that carry fidelity bonds are many—and so are the numbers of those that carry bonds of insufficient amounts.

This company found that the total defalcations on the 1001 cases investigated amounted to $6,284,506.49. "Under insurance" was $2,922,316.28. That means that the latter figure was borne by the employers and not by the surety company.

D. C. clean-up

Acquisition of 10 squares for rehabilitation was reported by the District of Columbia Alley Dwelling Authority as of June 24, 1936, and plans were under way for securing two others. Under the enabling legislation all alleys reclaimed must be put to productive uses. On the land obtained up to the time of the report, such uses included an automobile repair shop, garages, row houses, and public buildings such as a hotel and a boys' club. With the beginning of the fiscal year 1936-1937 it was expected that incoming revenues from finished projects would yield funds with which to extend the work, the objective being to clear some 200 alleys before July 1, 1944.

This month's collectors:

Submitted for the approval of our readers

by E. W. HILLMAN, Credit Manager, The Federal Glass Co., Columbus, Ohio

The query:

Gentlemen:

During the past few weeks the papers have been filled with reports of floods, tornadoes, accidents, etc., that have touched practically everyone of us directly or indirectly one way or another.

Therefore, even though our February account amounting to .... is due according to terms, we hesitate asking for the money lest you may be one of those who sustained direct loss and need temporary assistance.

Will you inform us promptly if you were affected, otherwise, when convenient, send check in settlement, for which we thank you in advance, likewise, for any orders which may accompany same.

Very truly yours,

The follow-up:

Gentlemen:

Your failure to answer our letter is an indication that you did not suffer damage from any of the numerous major catastrophes experienced throughout the country during the past Winter and Spring for which we are glad.

We, therefore, ask that you favor us with your check for the February account at this time and with a list of items needed to round out or expand your stock so that you can more adequately serve your growing register of satisfied customers.

Very truly yours,

CFM "The first letter was released to two hundred and twenty concerns, while the follow-up letter released ten days later only went to less than one hundred accounts, inasmuch as settlements were received from more than 50% of the total number on the strength of the first letter.

"Inasmuch as these letters were used at a time (Spring, 1936) following blizzards, tornadoes, floods, accidents, etc., some explanation should be made in your magazine article so that your readers will get the right perspective, otherwise, much of the value of the letters would be dissipated," Mr. Hillman writes.

A great deal of collection letter-writing can be obviated if proper care is taken in analysis of the credit responsibility of the buyer. The most fundamental, up-to-date method ever devised for knowing just how worthy your credit applicant is as a risk has achieved foremost standing because it is based on the current paying record: Credit Interchange.

Credit in flood areas

(*Continued from page* 17)

and manufacturers wholesale bureau or any other reliable organization in obtaining information on that case. It was recommended that a salvage committee be appointed to help the members or debtors in disposing of or realizing the most out of their merchandise. All members using any mercantile agency service will file with this committee for the benefit of all creditors any information regarding towns under water or information regarding any distressed debtor whose case is brought to the attention of the committee.

"Each individual case shall be directly in charge of the creditors of the debtor who will select their own creditors' committee. The expense and cost of each case shall be left to the Creditors' Committee and the Cincinnati Association of Credit Men. It is the understanding of this Committee that the Cincinnati Association of Credit Men is willing to devote their facilities to getting this Committee organized. With reference to any which they will be called upon to administer for the benefit of creditors, they will be paid such fees in each individual case as may be determined upon between the Creditors' Committee and the Association. Any creditor whether a member of the Association or not is privileged to call the Association and refer to them any case, wherein the debtor's financial condition has been affected by the flood. The facilities of the Association will be used to call the meetings of creditors for the purposes of selecting a Creditors' Committee and determining the policy in the case. Nothing in the foregoing is to be construed as granting any exclusive privilege to the Cincinnati Association of Credit Men in handling any case, leaving the decision in each case entirely up to the creditors in that case, but it is our recommendation that in order to give creditors the most proficient service that the case be handled by the Cincinnati Association of Credit Men because of its nation wide facilities.

"Creditors or members who are serving on the Creditors' Committee agree to give their service gratis without compensation except that they shall be reimbursed for actual necessary expense incurred. Provided further, that no expense be incurred in administrating the case without consent of Creditors' Committee. The Committee recommends that a Committee on Publicity be appointed and that no publicity be released without consent of this Committee.

"That other markets be communicated with and asked what will be their procedure in matters of this kind, also asking for their cooperation in cases of mutual interest and advising them what we have done. Any creditor cooperating with the group who receives a letter from any collection agency soliciting his account against a distressed debtor, is immediately to get in touch with the chairman of this General Committee so that all of the creditors may be communicated with and their rights protected."

Secretary-Manager Voss on February 18 gave the following report on rehabilitation work in the Cincinnati area:

"Our office has organized a committee known as the Cincinnati Wholesalers Flood Committee to work out definite orderly plans for reclaiming damaged merchandise. Mr. O. E. Dreutzer, of the Alms & Doepke Company, who is very active in local credit circles is the chairman of this most important committee. Other committees have been organized to look after extensions and to carefully examine claims made by distressed debtors. Our employees have been working unceasingly in checking information and viewing the distressed areas, in order to make reports to the committee on debtors in surrounding towns that are applying for assistance.

"Assistance has been given to the Disaster Loan Corporation in organizing committees in the surrounding territories.

"Local merchants in the flooded area are receiving their merchandise from laundries and dry cleaners and are already conducting in their own location which was flooded, sales of their flood damaged merchandise.

"All of the public utilities have been fully re-established with the exception of a few remaining areas which were flooded."

It is also interesting to note in this connection a statement issued by the mayor's committee on morale in Louisville:

"Chicago did it! San Francisco did it! Now watch LOUISVILLE! The disaster which has befallen us is small compared to the Chicago Fire . . . it is small compared to the San Francisco Earthquake.

"The Federal Government has appropriated seven hundred and ninety million dollars for flood relief! The United States Army has come to help us. The great American Red Cross has placed its entire organization in our service. The whole nation is giving us every possible assistance. We have at our command every modern method for building a better and a greater city. Now, watch LOUISVILLE!

"Has Louisville been destroyed by flood? No, of course not! Has any part of Louisville been destroyed by flood? No, only some buildings. The men and women of Louisville are really Louisville . . . not the buildings! We are Kentuckians! We are Louisvillians! Our forefathers built this city out of logs and they fought the Indians off while they were building it. The eyes of the entire world are upon us. They are wondering if we have the courage of our forefathers or if we are weaklings!

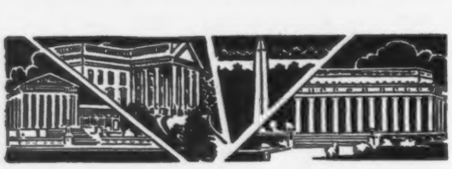
"The world is a place of ups and downs . . . it's a place of gains and losses. Some men are brittle. They are like the pitcher that goes to the well, hits a stone and is broken to pieces. Some men start out in life gaily until they hit the first stone. Then they're done for. They might do very well in a world filled with cushions but they are not much good in a world filled with stone.

"Too many men get into the world who should never have left the nursery. They go through life snivelling, 'Somebody hit me.' If you want people to believe you are a real man, you must prove that you will not break under pressure. You must make it clear that you are not a piece of wood painted to look like sturdy iron. You must expect life to be a conflict, not a parade or a pink tea. You must have the courage, the determination, to outlast disaster."

A bulletin issued by Mr. Schneider to members of his Louisville Association of Credit Men also indicates what a large part the credit men had in the

(*Continued on page* 33)

CAPITAL LETTERS



Dear Reader:

The long-awaited *PATMAN BILL*—and another bill less generally expected—were introduced in the House on February 15th. One bill (H.R. 4722) would make it "an unfair method of competition in commerce" within the intent of section 5 of the Federal Trade Commission Act, for any manufacturer to offer for sale or sell at retail any commodities produced or manufactured by such manufacturer, where the result would be to substantially lessen competition between the manufacturer and his customers, would tend to create a monopoly, or would injure, destroy or prevent competition by a customer or customers of such manufacturer. The bill authorizes the Federal Trade Commission to initiate action on complaints of violation of the Act, under the procedure provided in sections 5, 9 and 10 of the Federal Trade Commission Act. The bill as introduced is considerably less drastic than the original bill planned by Representative Patman.

The other *PATMAN BILL* (H.R. 4726) would make unlawful any sale or contract to sell commodities or services on the condition that the vendor of the commodity or the furnisher of the service will purchase from the vendee or recipient of the service any commodity or service where the effect of such sale or contract would be to lessen competition or create a monopoly.

—

An interesting proposal to exercise the power of the Federal Government over interstate commerce to permit states to levy personal property taxes upon commodities received from other states is proposed in a new bill (S. 1546), introduced by Senator Harrison. It is significant that the purpose of the bill is expressly described "as a regulation of interstate commerce." While this bill is not strictly comparable to the Ashurst-Summers Act which was upheld by the Supreme Court on January 4th and which applies the power of the Federal Government to prohibit the shipment of prison-made goods into any state where sale or possession of such goods is illegal, there is some similarity between that Act and the proposed bill of Senator Harrison. The latter bill would constitute recognition by the Federal Government of the right of any state to levy personal property taxes upon goods moving into the State for the purpose of use or consumption therein.

—

Keep your eye on the *SECURITIES AND EXCHANGE COMMISSION AND THE FEDERAL TRADE COMMISSION* during the next four years. The former agency is expected to be the source of certain new regulatory proposals affecting corporate financing and investment practices; the latter is becoming increasingly important in the field of general business regulation. Several bills to increase the powers of the Federal Trade Commission have already been introduced at this session of Congress.

—

A member has asked the writer to ascertain whether the *RURAL ELECTRIFICATION ADMINISTRATION* assumes any formal responsibility for payment of material accounts by the contractor on *R. E. A. PROJECTS.*

An official of the R. E. A. has explained that, while the usual commercial type of performance bond is required to be taken out by the contractor, that bond runs to the borrower which is usually a cooperative. Before making final payment the R. E. A. does demand a release of liens from the borrower and requires the borrower to hold up enough money before final payment to take care of all requirements under the contract. The R. E. A. does not assume any formal responsibility for payment of the contractor's accounts. As the Miller Act does not apply to R. E. A. projects the material supplier will have access to only such protection as that which is afforded by state laws or by the more or less informal efforts which the R. E. A. may make to expedite payment by the contractor.

—

THE BUREAU OF INTERNAL REVENUE has just issued PRESS RELEASE No. 82 dealing with taxes under *TITLE VIII* of the *SOCIAL SECURITY ACT*. If you are in doubt regarding the filing of returns under that Act request a copy of the release from the nearest Collector of Internal Revenue.

—

What about the proposed changes in the *FEDERAL JUDICIARY?* Senate Committee hearings on the bill are planned for the latter part of February. A sizable opposition bloc has developed in the Senate but both Congress and the White House are carefully watching public reactions. The most recent addition to the mass of Washington rumors which attribute various motives to the President's proposals affecting the Supreme Court is one that the Administration wants a constitutional amendment increasing Federal powers over commerce and industry. Whatever the intent of the Administration may be it is becoming increasingly probable that the elimination of the legal obstacles which have developed against the New Deal program will be effectively commenced during the year 1937.

—

Have you familiarized yourself with the Association's proposal to amend the REVENUE ACT OF 1936? If not, please consult the Secretary-Manager of your local association.

Yours very truly,

C. F. BALDWIN.

Credit in flood areas

(*Continued from page* 31)

rehabilitating operations:

"It is our privilege and opportunity to co-operate with the American Red Cross and the Mayor's Committee of Louisville, in rehabilitation work. To expedite recovery, it is important that credit flow freely and intelligently.

"A plan has been developed by the American Red Cross, whereby both wholesalers and retailers may participate in the money, which will be expended by the American Red Cross for food and supplies, effective immediately. It is important and necessary that suppliers follow closely the instructions given, to avoid misunderstanding and confusion.

"This Association proposes to conduct the necessary surveys and investigations, so that the wholesalers, jobbers and manufacturers may be thoroughly informed in each instance, as to the propriety of extending further credit favors.

"We have in our files, the paying-habits of every established merchant in Louisville and Jefferson County. We invite favorable consideration for those customers who have proven by their past record that they possess one of the three important elements of credit: Character, Capital, Capacity—namely, CHARACTER.

"The Mayor's Committee directs attention to the fact that the Federal Government has appropriated Seven Hundred and Ninety Million Dollars for flood relief. The United States Army is here to help us. The great American Red Cross has placed its entire organization at our service. The whole nation has given us every possible assistance. We have at our command, every modern method for building a better and a greater city.

"If you desire additional information, or have any specific cases on which you desire a survey or investigation made, please communicate with the undersigned immediately."

Prison-labor

The prison-labor problem is being approached in a new way by the Prison Industries Reorganization Administration appointed by President Roosevelt in 1935. It was given the difficult problem of devising means to relieve private industry of prison-labor competition and at the same time to assist the States in providing an adequate system of rehabilitation for the prison inmates.

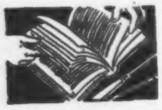
Compensation

Acceptance of the compensation principle for occupational disease has been much slower than for industrial accidents. It has, however, received an impetus in the past 2 years with the adoption of legislation providing compensation for silicosis and other occupational diseases in a number of areas.

Entrance wages

Entrance wage rates of common laborers employed by municipalities averaged 50.6 cents per hour in September 1935 and full-time hours of labor averaged 41.8 per week, according to a survey by the Bureau of Labor Statistics covering cities of 10,000 population or more. By States, the average hourly entrance rate ranged from an average of 20.3 cents in Georgia upward.

Paging



books

The rise of Lewis

JOHN L. LEWIS. By Cecil Carnes. Robert Speller Publishing Corporation, New York. $2.50.

The name of John L. Lewis must have become a household word by now; and it is about time the people of this country got to know something about this dynamic man who is revolutionizing not only the structure but also the tactics of our organized labor movement.

From this book they will learn all about John L. Lewis, the fighting president of the United Mine Workers of America. Most of it is devoted to a detailed report of the negotiations that he had to carry on with the coal mine operators during the time that he has been at the head of his union.

What makes Lewis' story dramatic and interesting, however, is his transformation from the conservative trade unionist, that he used to be up to a few years ago, into an aggressive leader of organized labor. But outside of the statement that he is the "world's foremost catch-as-catch-can opportunist," there is very little in the book to indicate the reason for this change. Of course, this change is recent; and the process is still going on. Therefore, the job of recording it and explaining it adequately will have to be reserved to some future biographer of Lewis.

Our U. S. A.

AMERICA: A REAPPRAISAL. By Harold E. Stearns. Hillman-Curl, Inc. New York. $3.00.

This is a re-assuring book. Shortly after the tumult of the election of '36, in the wake of strike and flood troubles, and in the midst of the Supreme Court dispute, it is indeed a sunny spirit that can find our United States to be the best country in this best of all possible worlds. Such a spirit is Mr. Stearns'.

The author has not always felt this way. For twelve of the years following 1922, when he edited a symposium entitled "Civilization in the United States," he preferred Europe's maturity to our adolescence. Now returned, he finds us still a nation of hard-headed dreamers. We have survived prosperity, withstood a debilitating depression, rejected the nostrums of the soap-boxers, buttressed our traditions, retained our democratic ideal, developed greater tolerance, broadened our religious and social and educational concepts, enriched our literature, advanced our business practices. We have, in short, traveled further along that road, which was chosen by our first practical idealists, the makers of the Constitution, than any other nation.

Those Founding Fathers hoped "to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity."

The road still stretches before us but we have neither cause to regret the direction chosen or the amount of progress made. "Nothing in American history," Mr. Stearns concludes, "nothing in the American temperament, nothing in American habits of thought suggests that we have turned our faces towards that quick road, that ever-enticing road of miracles and unreason. We may have sinned again and again against the light, but we are still the children of it."

After the numberless prophets of doom who have shrilled their pessimisms at us these past several years, Mr. Stearns' book is more than reassuring. It is a welcome relief. He may well be the leader of a new trend in our criticism, a trend stimulated by the factors he finds so favorable and stimulating them into even greater favor.

Brandeis and his philosophy

BRANDEIS AND THE MODERN STATE. By A. T. Mason. National Home Library Foundation, Washington, D. C. 25 cents.

The injection of the Supreme Court, because of the decisions of its conservative group, into the maelstrom of public discussion brings added timeliness to this book. Dedicated to Justice Stone, one of the liberal group, Mr. Mason's analysis of the oldest liberal in the Court reveals Brandeis as intellectual forerunner of the New Deal.

Here is no attempt at a biographical journey from Brandeis' birth to the present time, but rather a study of his career as "the people's lawyer" and then as Associate Justice, with the emphasis on his activity and his opinions.

It is ironical that this Justice, whose philosophy has influenced the New Deal, should be at the head of "the nine old men," as far as age is concerned, and thus most conspicuous when attempts are made to influence the retirement of judges because of age. The New Deal evidently does not want his retirement but its resentment against the Court's conservatives may bring the loss of the Court's foremost liberal as well.

Bankruptcy situation

(*Continued from page* 11)

are located, instead of in place of incorporation.

17. Broadening powers of Referees so they may handle all administrative matters, leaving the judges to their judicial duties.
18. Replacement of equity proceedings with 77B proceedings as far as possible.

These are but a few of the many changes under consideration. These are not all definitely destined to be part of the Act but are listed as representative of the suggestions now being considered.

While the two above proposed bills, when introduced, will undoubtedly overshadow any other pending bankruptcy legislation and will unquestionably command the greatest amount of interest, there has already been the

usual crop of miscellaneous proposals to amend the Act since Congress opened. The more prominent ones are as follows:

The "Conservator in Bankruptcy" bill, (H.R. 9), similar to the one introduced last year as a result of the Sabath Committee's investigations. Its proponents are aggressive in the attempt to have a "conservator" appointed, which in effect would amount to a federal agency to supervise court action in bankruptcy matters. Opposition has already been recorded as it is not believed that additional superstructure of administration is proper or that alleged evils can be cured in this manner. Proposals to afford additional regulatory powers, if needed, are being considered by the conference.

Another bill, (H.R. 281), reintroduced this year, proposes to give guarantors "relief" under reorganization proceeding, by reducing or extending the maturity of a guarantor's obligations to pay in case of default by the present debtor. This bill is apparently intended to relieve surety companies. We are again recording our belief the bill is unconstitutional in that the guarantor is not a party to the bankruptcy proceedings if there is no showing that the guarantee is insolvent or unable to meet his debts as they mature. It is contended that this bill attempts to extend the bankruptcy power of Congress to impairing the obligation of contracts of corporations which are not within the jurisdiction of the bankruptcy court. This bill would make it impossible for a corporation needing bank credit to obtain a loan except upon its own credit because the bank would be unable to rely upon any guarantee of payment. Other bills to amortize debts of wage earners—to further define preferred claims—to amend 77B—to tighten the criminal provisions and offenses—are practically covered in the two Big Bills and are unlikely to be given serious separate consideration.

Again, a bill is brought in to provide, in a measure, for salaried referees. You will recall that we opposed a similar bill proposed in the 74th Congress for the reason that sufficient factual knowledge was not yet available on this subject. However, the salaried referee idea is persistent and undoubtedly will be considered some time. Our proposal that a careful impartial survey (for which we have offered our services) be made prior to such legislation is, we believe, sound.

Three legislative proposals, not having to do with the amendments to the Bankruptcy Act but having a direct bearing on bankruptcy, are interesting and important. The first is the previously referred to proposals of the S.E.C., which would have to do with the proper regulation of bondholders, stockholders and other protective committees. The relation of such a measure to bankruptcy, particularly reorganization, is obvious. Much of the groundwork in preparation for 77B petitions is laid by such committees. An independent bill has already been introduced along the lines of the requirement of a certificate of authority from the proper governmental agency prior to operations of any protective committee.

The second bill (*Continued on p.* 37)

Office-ally

Pre-employment office training

by J. R. Jackman, Asst. Treasurer, Kendall Mills, Walpole, Mass.

The subject of pre-employment training is an inclusive one. Much has been written and said about the necessity for improving our secondary school commercial training and instruction. Considerable has been accomplished but there is much more to be done.

The next progressive move lies in the field of Teacher-Businessman cooperation.

Before we develop more tests we must develop a curriculum which prepares the student to take those tests and to make a grade which will assure the more successful a start in their business career under more favorable conditions than has been possible in the past.

The Business Education Council is a group of commercial educators and office managers banded together in an effort to start turning the wheels of this endeavor and to develop a model plan which may later be produced on a national scale by a plant consisting of all businessmen and all commercial educators. This group is now entering its third year of activities.

The plan calls for the construction of a series of tests. These tests are in three general classes: Awareness Tests which cover several hundred questions on general subjects, testing the general knowledge of the student. These cover cultural and current events questions and are either of the true-false type or of the selective type. Fundamental Tests cover grammar, spelling, simple arithmetic, and geography, testing the knowledge of the student on fundamental subjects other than commercial. Vocational Tests are the so-called completion or ability tests in all commercial subjects such as stenography, machine transcription, typing, filing, calculating machine operation, bookkeeping, etc. There is also a personality rating scale.

The Council has evolved a comprehensive testing program which needs to be known and accredited by personnel directors, office managers and placement bureaus as well as by educators. It should be made available to anyone desiring to take the tests, whether a new graduate or an employed or unemployed, experienced office worker. The certificate, it is hoped will eventually be akin to a Master's degree, sought after by workers and looked upon by employers as a reference to be carefully considered.

The Council believes it is on the right track and is pleased by the enthusiasm with which the work is being greeted by the forward looking educators of the day. Next June it is hoped the first real tests for certificates can be given and the real work for spreading out into a national movement can be started.

Payroll forms

With the advent of Social Security, payroll accounting need not be troublesome because the C. E. Sheppard Company of Long Island City, N. Y., has put on the market a concise and comprehensive equipment to meet such needs. It contains forms for all records of payroll accounting under the Social Security law, both state and federal, which must be retained, including individual earning record and payroll record with receipts for employes, we learn from "Office Appliances." An attractive folder encases the outfit. Full instructions for its use and invaluable information with reference to tax returns accompany it. Equipment can be had for groups of five, ten, twenty-five and fifty with special provision for groups of fifty. Each outfit is equipped with an initial supply of forms. Copies of a payroll record may be made in those states which accept such a form as a tax return. Forms come in pads, punched to fit the snap fastener on the left cover, providing sufficient filing space for a year's record.

Desk top

Another new Perma product, the second of the series, which George E. Fox & Company, 412-420 Orleans Street, Chicago, Illinois, recently announced is Perma top. A dozen or more other items will be introduced to the office specialty field sometime in the next six months, according to "Office Appliances." Staunch resistance to extreme heat and cold is a characteristic of this new product. Soap and water or furniture polish are all that are required to clean its satin-like finish. As a sturdy covering for desks, counters, tables, etc., Perma top is unsurpassed.

New design in typewriter

R. U. Jennings, 414 Delaware Avenue, Buffalo, N. Y., is the inventor of a revolutionary new designed closed keyboard typewriter. Several de luxe improvements are embodied in this machine, maintaining standard dimensions. Shape and construction of keys keep them automatically in proper relation to each other both vertically and horizontally. Typed letter alignment is retained with precision. Operation as to touch and key arrangement is the same as the usual typewriter and all mechanical adjustments can be made quickly as controls are easily accessible. With practically all working parts enclosed, dirt and dust can't enter, depreciation is negligible and there is a minimum of noise, "Office Appliances" notes. Cover, frame and other parts may be made of plastic material which is light, weighing eight pounds less than a machine of all metal construction and at the same time withstands rough usage. Such material may be finished in a permanent luster, another desirable feature. The machine is patented but the inventor offers exclusive rights or manufacturing license to interested parties.

Bankruptcy situation

(*Cont. from p.* 35) having a bearing on bankruptcy is the O'Mahoney Bill (S. 10) for the federal licensing of corporations. This bill would delegate to a "Commissioner of Corporations" (an appointive office) extensive powers, including control over insolvent or embarrassed corporate estates, and authority to decide when corporate financial condition warranted taking over by the court. Public hearings are now being held on this bill and will probably continue for some time because of its all-inclusive provisions.

The third matter independent of the Bankruptcy Act has to do with the proposals which your Association has already initiated and which seek to amend the Revenue Act of 1936 (see legislative bulletins and Executive Manager's Monthly Business Review, March 1937.) It is our contention that proper exemptions for businesses operating under creditors committees should be enacted, in order to insure rehabilitation of the maximum number of firms, and thereby insuring future employment as well as future revenue for the government.

The outline presented in this article demonstrates the continuing need for legislative interest and activity on the part of business executives. Those with whom we have entrusted the making of our laws are entitled to the interest and constructive criticism of the people they represent. The average voter has deserved the accusation of apathy toward legislative matters.

It is gratifying that this accusation is not applicable to the members of the NACM. The interest of the member firms and their expressions through their Association over the past 40 years have created the fine recognition and cooperation invariably accorded them and their representatives with our law making bodies. This year, more than ever before, is this active interest in matters of government needed. Only through this means can our representations be made intelligently, authoritatively and effectively.

Men and machines

The complex problem of the relationship between the machine and human labor in industry was the central theme of the exhibit presented by the United States Department of Labor at the Texas Centennial Exposition at Dallas.

Court decisions

RELIANCE FERTILIZER CO. vs. DAVIS, 169 So. 579.—The plaintiff, a foreign corporation, made shipments to its agent in Florida who later sold the goods shipped to Florida customers.

The Court affirmed a judgment for the defendant on the ground that the plaintiff was not qualified to bring the suit because it was doing business within the State of Florida, since the goods came to rest there and lost their interstate character upon receipt in Florida by the agent.

IN RE DUNCAN & GOODELL CO., 15 Fed. Supp. 550.—A Massachusetts hardware and supply company organized another corporation to hold real estate occupied by it. The subsidiary gave a note in order to obtain part of the money necessary to purchase the real estate, which note was endorsed by the hardware and supply company. The latter also gave the lender of the money a written guaranty of the payment of the note and also of performance of the mortgage given by the subsidiary. The parent company went into bankruptcy and a claim by the lender under the guaranty for the sums due under the mortgage was allowed against the parent company's estate.

It was claimed that the guaranty was ultra vires, but the court held that while the powers of an ordinary business corporation do not include the power to guarantee the obligations of another corporation, in Massachusetts there is an exception to the rule, and a business corporation has the power to guarantee the obligations of a subsidiary in order to protect the interest of the corporation in the subsidiary.

FOSTER BROTHERS MANUFACTURING CO. INC. vs. NATIONAL LABOR RELATIONS BOARD—United States Circuit Court of Appeals, 4th Circuit, October 6, 1936.—The National Labor Relations Board issued a cease and desist order directing the plaintiff to reinstate with back pay, discharged employees based on findings that the corporation had been guilty of unfair labor practices as to such employees in violation of the National Labor Relations Act.

It was held that this order was void for want of jurisdiction and that the act does not apply to the labor practices in a manufacturing plant of a corporation engaged in the production, sale and distribution of furniture, although 80% of the raw materials used in the manufacture of its products are shipped into the state in which the plant is located from other states, and more than 50% of its products are sold and shipped to customers outside such state.

The court said that the manufacture of the products does not constitute interstate commerce and labor practices in connection therewith do not affect such commerce so as to come within the scope of the commerce power of Congress and that the statute, if construed otherwise, would be unconstitutional because beyond the scope of Federal power, under the decision of the Supreme Court of the United States in Schecter Corp. v. U. S., 295 U. S. 495; and Carter v. Carter Coal Co. 56 Supreme Court, 855.

MATTER OF FOX, Bankrupt, U. S. District Court, N. J., October 1, 1936—An individual filed a voluntary petition in bankruptcy with schedules showing assets of $100 in cash and some securities of little value, and liabilities aggregating over $9,000,000.

The court affirmed an order of the referee directing a corporation organized by the bankrupt to produce its books of account for inspection. The facts showed that the bankrupt organized a corporation in 1930 when he had over $1,000,000 and that its business operations were conducted in his private and personal offices, and that in December of that year, he transferred to the corporation securities of a value of approximately $7,000,000 under unique circumstances whereby the corporation issued to the bankrupt all of its capital stock which was put into a trust fund for the benefit of the wife and family of the bankrupt.

The court said that although there is no statute expressly authorizing the production or examination of books of account of any person other than the bankrupt, there appears to be no question that, upon a proper showing of materiality, the books of a third person or corporation, in which it is evident that transactions are recorded which will probably develop assets of the bankrupt, may be ordered produced for inspection and examination.

IN RE SHOE MANUFACTURERS PROTECTIVE ASSOCIATION INC., Supreme Judicial Court of Mass. Sept. 11, 1936.—The association in question does a large business in Massachusetts in the collection and adjustment of commercial accounts for goods sold mainly in behalf of wholesale merchants and manufacturers in the shoe business. Its method of procedure was to demand payment of debts by letters and personal interviews, advising debtors of their legal liability and threatening to take action or to forward the matter to an attorney for attention, etc. There was a general understanding with the "client" that if these methods failed, the corporation shall have the right to forward the claim to some attorney to be selected by it, although the client was told that no claim would be referred to an attorney without his permission. The attorney and the client seldom correspond directly, and in almost every case the client never knows who his attorney is. The association instructs the atorney to begin suit and

it advances the costs and transmits the necessary papers to the attorney. The attorney retains 60% of the collection charges and pays the association 40%. The association supervises the whole conduct of the transaction. Another important part of its business is to advise debtors to make assignments for the benefit of creditors and it informs clients as to the advantages and disadvantages of such assignments and of bankruptcy and extension agreements. It obtains proofs of claim and powers of attorney from its clients with the name of the attorney blank and then fills in the name or sends the forms to the attorney who inserts his name.

The court held that the association was engaged in the practice of law in violation of the statute, saying that in general the practice of directing and managing the enforcement of legal claims and the establishment of the legal rights of others, where it is necessary to form and to act upon opinions as to what those rights are and as to the legal methods which must be adopted to enforce them, the practice of giving and furnishing legal advice as to such rights and methods, and the practice of drafting documents by which such rights are corrected, modified, surrendered or secured are all aspects of the practice of law. The court further said that this association has done all of these things habitually and as part of the business which it carries on for profit, and it is a necessary inference that it has held itself out as being entitled to do these things. All of these acts, the court said, involve the practice of law and fall within the prohibitions of the statute.

Co-op credit

Over 299-000 persons borrowed money through cooperative credit societies during 1935, as shown in reports furnished to the Bureau of Labor Statistics by the United States Farm Credit Administration and by societies in 23 states. The total loans reported amounted to over $24,000,000, the average sum per loan being $142. These societies had aggregate resources of over $49,000,000 and had accumulated reserves of $3,000,000. Dividends totaling approximately $695,000 were paid by the societies in 14 states and the Federal societies in 29 states. Savings deposits of over $6,000,000 were reported by the societies in 7 states.

Accidents

Accidents in manufacturing increased in both frequency and severity in 1934 as compared with the previous year, according to a survey by the Bureau of Labor Statistics covering 30 manufacturing industries. Outstanding high proportions of serious accidents occurred in slaughtering and meat-packing plants, flour mills, fertilizer plants, planing mills, saw mills, and logging establishments.

Job-loss compensation

Approximately 1,200 ferryboat employees in the San Francisco Bay area are covered by agreements which provide dismissal compensation for loss of jobs due to the completion of the San Francisco-Oakland and Golden Gate Bridges. These agreements were recently signed by the several companies and local unions connected with the San Francisco Bay ferryboat service.

"Co-ops"

Cooperative retail societies reporting to the Bureau experienced marked increases in sales, net savings, and resources in 1935 as compared with 1934. The 102 associations reporting for both years did 20.3 percent more business in 1935 than in 1934, and saved for their members nearly one-third more in the later than in the earlier year. Sales of over 13½ million dollars were made by the 176 societies reporting in 1935, and net savings of $663,206 were made by the 155 societies reporting on this point.

Old-age pensions

Old-age pensions were paid in 30 states and 2 territories during 1935, as compared with 25 states and 2 territories in 1934. In addition, there were nine other states which had on the statute books old-age pension acts which had not yet been put into operation. Nearly 410,000 needy old people were cared for under the provisions of the state acts during 1935; this was an increase of about 73 percent over the previous year. The sum spent for this purpose totaled more than $65,000,000, or slightly more than double the disbursements of 1934. The average monthly allowances in the various states ranged from $1.08 to $27.74. For all states the average was $15.57, or $1.04 more than in the preceding year. About 70 percent of the funds were contributed by the states and the remaining 30 percent by the counties. The financing of these pension systems has become increasingly difficult.

P. W. A. jobs

The construction projects of the P. W. A. created more than 10,736,700 man-months of labor during the 3 years from its beginning in July 1933 to June 1936, according to an estimate made by the Bureau of Labor Statistics. This estimate includes both direct labor, i. e., labor performed at the site, and the indirect labor involved in the final fabrication of materials purchased in connection with the various construction projects. Because of lack of basic data, no attempt was made to estimate the amount of labor required in producing and transporting raw materials to the point of manufacture nor that involved in transporting the finished product to the site of construction.

NEWS ABOUT CREDIT MATTERS

A Section Devoted to Association Affairs

Forms Close on
20th of Month Before Issue

MARCH, 1937

Save on Losses
With Interchange

Natl President Makes Talks at 6 Coast Cities

Development Plan Is Well Received By Pacific Men.

National President E. Pilsbury made a tour of New Orleans and made seven talks before Pacific Coast Associations during February. His initial program was at San Diego On February 9th, he spoke before the Los Angeles Credit Men's Association at a dinner meeting at the Johnathon Club. On February 11th, he addressed a new luncheon session of the San Francisco Association at the Sir Francis Drake Hotel, and on the same evening, spoke before the membership of the Oakland Association. On February 15th, he was the speaker at the dinner session of the Seattle Association, and on the 16th, greeted the credit men of Tacoma, and on the 18th spoke for the members of the Portland Association.

Mr. Pilsbury reports increasing enthusiasm in all of the Associations visited on his Pacific Coast trip, and was especially impressed by the general indorsement of the Development Program at every city.

President Pilsbury was accompanied by Mrs. Pilsbury on his trip to the coast cities.

Plan Big Program for Footwear Group Meet

Chicago.—George M. Groves of the Groves Shoe Company, Chicago, will serve as Vice-Chairman of the Footwear Group at the Credit Congress of Industry, held in conjunction with the National NACM Convention here June 21st to 25th. W. A. Hodges of the Edwin Clapp & Sons, E. Weymouth, Mass., is now at work with Mr. Groves on the program for the Footwear Division and will have an announcement regarding the subjects to be discussed by this section ready for the April magazine.

A. J. Peoples of Detroit Dies; Credit Leader

Detroit.—Andrew J. Peoples, a former national vice-president of the National Association of Credit Men, and one of the leaders in the Detroit Credit Men's Association, died suddenly on Friday, February 12th, at his home on Chicago Boulevard, Detroit, Mich. Funeral services were held from Central M.E. Church and burial was in Woodlawn Cemetery.

Mr. Peoples, for years an executive of the American Brass Company of Detroit, has been a wheel horse of the Detroit Credit Men's Association for a number of years. At the time of the National Convention here in 1931, Mr. Peoples served as General Convention Chairman.

Mr. Peoples was born at Novi, Mich., sixty-five years ago, and at the age of twenty started his business career as a telegrapher for the Western Union. Shortly he made a business connection with the old Detroit Copper and Brass Rolling Mills, and when that organization was merged into the American Brass Company, he continued his position and at the time of his death was Manager of the Detroit Branch. He was a Director of the Bank of Detroit, the Michigan Mutual Liability Company, and the Michigan Industrial Bank.

March 22-27 Is Set as Membership Week

National Directors Authorize Two Cash Prizes to Be Paid to Victors at June Convention.

P. M. Haight, Chairman of the National Membership Executive Committee, in accordance with the special action taken by the National Board of Directors, has designated the week of March 22nd as "NATIONAL MEMBERSHIP WEEK". The Directors at their annual meeting in New Orleans in January decided that while membership work is necessary throughout the year, a week devoted to special impetus on membership would be psychologically valuable and unquestionably productive.

"No phase of our Association activities," Chairman Haight said, "is more important than the increase of our numerical strength. Our performance on membership so far this year has been only mildly satisfactory. We should be able to report at least 1000 new members at the end of the Association year, April 30th. I realize," Mr. Haight further stated, "that quite a few Associations already have done some exceptionally fine work on membership, but this important work in a majority of the Associations has not reached the peak of effort to obtain new enrollments. I am looking forward to the period starting March 22nd as being a week of outstanding accomplishments."

The National Directors, in connection with membership week, have authorized the awarding of *two special prizes* for performance. One prize will go to the Association obtaining the greatest numerical increase. Another prize will be given to the Association making the biggest percentage gain, based on their membership as of May 1, 1936, the beginning of our fiscal year. The first

Eastern Division Now Leads Field For Development

A bulletin issued late in February by Mr. Heimann tells of the progress of the Development Program as follows:

"848 subscribers have signed pledge cards which are in the National Office calling for a total subscription of $91,535.34. Approximately one-third of the total subscribed has been received by us in cash, that is, check accompanying subscriptions.

"Of the total amount subscribed thus far the Eastern Division accounts for approximately 50 per cent of it, the Central Division approximately 37 per cent, and the Western Division under 15 per cent. While the Western Division is behind in the race as far as pledges in our office are concerned, I am under the impression that many of the pledges in the Western territory have not reached us. I urge every organization in the drive to send in pledges as promptly as possible.

"You will be interested in knowing that in New York City $30,000 has been subscribed to the fund.

prize will give an opportunity to the big Associations which would be penalized if prizes were entirely on the percentage basis, and the second will be of advantage to the smaller Associations which would be penalized if the prizes were only on the numerical increase basis.

Only members of the two winning Associations will be eligible for these prizes. The two successful Associations shall decide the manner in which to make the award to its members. As a suggestion, a drawing can be held in which only the members having obtained new members can participate. If Member A has obtained four members he should have four chances in the drawing. Member B with one new member would have one chance. Or it may be decided to divide the prize between two deserving members.

Each prize will be a *$50.00 cash* allowance against the winner's expenses to the National Convention at Chicago June 22-25, 1937,—payable on arrival at the convention.

Reports of new members showing mailing dates March 21st to March 27th inclusive will be counted in this contest.

Make your plans now for this NATIONAL MEMBERSHIP WEEK.

Philadelphians Hear of Federal Reserve System from District President

Philadelphia.—Mr. John S. Sinclair, President of Federal Reserve Bank of Philadelphia, was the speaker at the February 23rd dinner meeting of the Credit Men's Association of Eastern Pennsylvania, held at the Manufacturers and Bankers Club. Mr. Sinclair's subject was "Federal Reserve System". In his talk Mr. Sinclair reviewed the organization of the Federal Reserve System and pointed out many interesting details of how the system has operated since its inauguration back in 1914.

Honor First Prexy of N. Y. Paint, Oil Group

New York.—The Paint & Allied Industries Credit Group of the New York Association of Credit Men gave a special dinner in honor of Russ D. Hannan, the first president and one of the founders of the group, on February 9th. Six out of seven of the original charter members of their concerns are still active in this group. Starting with this original seven in 1924, the Paint & Allied Industries Group have grown so that at the close of 1936 the roster numbered approximately ninety members.

Executive Manager Heimann Is Speaker at Chicago Sessions

Chicago.—A capacity audience greeted Executive Manager Henry H. Heimann to hear his address before the forum meeting of the Chicago Association of Credit Men, at Hotel LaSalle on February 10th. Mr. Heimann discussed the new advance in business and pointed out several features of so-called returning prosperity which might present danger signals for the future.

Mr. Heimann also addressed the Credit Women's Club of the Chicago Association, at its dinner session at the Union League Club, on February 9th.

The Mid-West Credit Conference of the paper manufacturers, converters, box makers and merchants, was held at Hotel LaSalle, on February 19th. Representatives from this trade associated with twenty-seven other local associations of credit men attended the meeting.

On Saturday evening, February 20th, the annual Valentine Party and dinner dance at the Drake Hotel was one of the high-light entertainments of the current year at the Chicago Association.

Grand Rapids Has New Type of Bulletin

Grand Rapids.—The Grand Rapids Association of Credit Men has adopted a new medium of passing information along to its members. A mimeographed service bulletin on 8½ x 11 inch paper which is punched at the left hand side for filing in a "ring" book is now being issued whenever matters of importance arise. The sheets are labeled at the top giving definite information as to the subject covered. The new bulletins are to be issued whenever necessary rather than at stated intervals.

The service bulletins previously issued by this association were on sheets of paper 8½ inches by 13 inches deep and it was found that such sheets were difficult to file in ordinary files without folding. The new arrangement makes it possible to keep the association bulletins in a "ring" book.

San Diego's New Officers Greet Nat'l President Ed. Pilsbury

San Diego.—The above picture shows the new Board of Directors of the San Diego Wholesale Credit Men's Association, which recently gathered with the whole membership of the San Diego Association to greet National President Pilsbury upon the occasion of his visit at San Diego on February 11th. Reading from left to right, Front Row: R. K. Sybert, of Hage's Ltd., Lawrence Holzman, Executive Secretary-Manager of the Association, R. M. Shearer, President of the Association, of the Kelley Laundry & Linen Supply Company, P. S. Packard of Arts & Crafts Press, G. B. Brant, of Qualitee Dairy Products Company. Second Row: J. L. Hicklin of First National Trust & Savings Bank, M. N. Wilson, of the U. S. National Bank, L. E. Smee of Young's Market Company, A. J. Sutherland of the Security Trust & Savings Bank, Robert O. Zumealt of Benson Lumber Company, and L. H. McElroy of Cudahy Packing Company.

The meeting on February 8th launched the National Development Program in the San Diego Association.

North Pacific Conference to Feature Prizes

Tacoma.—The Tacoma Association of Credit Men is to be host to the credit managers of six Pacific Northwest Associations on March 25th and 26th. The Associations included in this area are Bellingham, Lewiston, Portland, Seattle, Spokane and Tacoma.

The Tacoma Association has announced a novel membership campaign in conjunction with the Pacific Northwest Conference. The member of the six associations in the conference area who obtains the largest number of new members between December 1st, 1936, and March 25th, at the opening of the conference, will receive as a prize, a twelve tube console Fairbanks-Morse radio set. The member securing the second highest number of new members in any association in the conference area will be given a five tube radio. Another radio will be presented to the individual securing the third highest number of members.

The total value of the prizes to be awarded in this contest is $300. It is the first time that a membership contest of this nature has been conducted in a conference area in the Northwest. The rivalry developing between the different associations so as to produce a first prize winner is quite keen.

The Secretaries and Department Managers of the Pacific Northwest Associations will hold a meeting during the Northwest Conference. Executive Manager Henry H. Heimann, and Western Divisional Manager Owen Dibbern, will attend the conference. Mr. Heimann will make the main address at the banquet on March 26th.

Rochester Ladies Are Guests at Big Party

Rochester.—The annual ladies' night, sponsored by the Rochester Association of Credit Men, brought a gay party of pleasure seekers to Hotel Seneca on February 3rd. This was the annual social function of the Rochester Association and was rated by the large crowd in attendance as seeking a new high standard for entertainment among the credit fraternity in the Rochester area.

Associations in Flooded Areas in Big Roles

In addition to the report on conditions in the Ohio flood areas, as presented on pages 16, 17, and 31, the following reports from Association Secretaries in the afflicted areas were received just as we went to press.

Secretary-Manager Sam Schneider has send in a report that the Wholesale Textile Houses have adopted the following general policy for handling accounts of merchants affected by the flood disaster:

"All distressed merchants seeking new credit, should be referred to the Louisville Credit Men's Association, where they will be asked to furnish a complete statement of all assets of every description, together with a complete list of all creditors and the amount owing each.

"In each case, a competent Association representative will visit that merchant, and make a complete report. This, together with additional facts obtained from all other sources, will be submitted to a committee composed of three of the principal creditors of that merchant."

As indicated in the general report on flood conditions, the Louisville Association has established a Claims Bureau for filing claims with the American Red Cross covering requisition for confiscated merchandise.

The meat packers in the Louisville area met on February 22nd, and also the Grocery & Allied Food Groups on the 23rd, and adopted a policy quite similar to that set up by the Textile Wholesalers.

Secretary Schneider has been mentioned a member of the Advisory Loan Committee, which will pass on the loans made by the Disaster Loan Corporation to be handled through the R.F.C.

It will be noted from the above that the Louisville Credit Men's Association has been made the Clearing House and center of operation for all dealings with merchants and retail outlets in the Louisville area.

A late report from Huntington, W. Va., by Manager C. C. Harrold of the Tri-State Credit and Adjustment Bureau of Huntington is as follows:

"We are practically back to normal here. The rehabilitation work is being handled by the Red Cross, the W.P.A., and smaller agencies.

"The wholesalers are going ahead with their business as usual although a few of them have not yet been able to get their place of business repaired.

"Our office is operating normally. It will be some time before our territory as a whole will be back to a normal state and there will be quite a number of small businesses which will not be able to continue.

R. C. Lamtz, Secretary of the Parkersburg-Marietta Association of Credit Men reports late in February:

"Rehabilitation work is progressing rapidly and practically all our industrial plants are back in full time operation. Our factories were only closed for a few days and the major flood expenses to those plants was the cost of cleaning up and moving equipment and supplies.

"Our city sister Marietta's flood conditions were more acute and they are having a bigger job than we have. Our friends in Marietta, however, advised us today they are coming out of it in good shape and plants are operating on almost a normal scale."

It has been suggested that in this period following the great flood disaster that special information should be obtained on all credit risks in the afflicted area. The Credit Interchange Bureaus, affiliated in the National Association of Credit Men are prepared to provide these reports and give supplementary reports from time to time.

Oklahoma City Makes Survey of Trade Progress in Each County

Oklahoma City.—The Oklahoma Wholesale Credit Men's Association is putting out a monthly survey of business conditions in the state of Oklahoma by counties, as reported by 250 leading business men throughout the state. This report is sent out to the daily newspapers in Oklahoma and is supplied with a considerable comment covering the survey and also a map indicating the location of bad business spots in the state.

Secretary Emmett Barbee tells about his monthly survey as follows:

"I have developed from two to four correspondents in each of the seventy-seven counties in Oklahoma. About the 25th of each month I send questionnaires to them regarding business conditions in their county; the response is unusually good. The survey appears in the *Sunday Oklahoman* the first Sunday following the first of each month. Immediately the *Oklahoman* supplies me with fifteen hundred reprints. A copy of the reprint goes to each person who furnished information, to each member of our Association, and to each member of the Kansas City, St. Louis and Dallas Associations. A condensed story is picked up each month by the Associated Press for its member newspapers in Oklahoma and I understand some out-of-state newspapers have been carrying stories about the survey. The map is of especial interest to jobbers in Missouri and Texas who sell heavily in Oklahoma and we have had a great many requests from such jobbers for monthly copies of the map."

Will Topping Leads Drive in Newark Assn.

Newark.—President Hampton M. Auld, Jr., of the New Jersey Association of Credit Men, has appointed William Topping of the Tung Sol Lamp Company of Newark, as Chairman of the New Jersey Committee in charge of the Development Program in this area.

In addition to Mr. Topping as Chairman of the Committee, other members of the Committee in charge of the Development Program are: B. Arthur, Weston Electric Instrument; T. Brath, Kraft Associated Distributors; H. E. Buckley, Castles Ice Cream Co.; A. Dunn, Cook & Dunn; A. J. Flynn, Arthur J. Flynn & Co.; G. B. Jackson, G. A. Behn; J. J. Jenkins, Wilbur B. Driver Co.; C. R. Kierstead, J. Wiss & Son Co.; J. Patterson, Nat'l. Oil & Supply; H. A. Pope, Nat'l. Union Radio Corp.; Robinson, Hooton Cocoa Co.; G. Rothweiler, Murphy Varnish; Earl Tarbox, Pittsburgh Plate Glass; A. Wells, Elizabeth Trust Co.; F. J. Squires, Sherwin Williams Co.; P. B. Menagh, U. S. Trust Co.; E. Eicher, Newark Glass Co.; O. Merz, Fidelity Union Trust Co.; G. Rodgers, Theo. Andreas.

Paul J. Stokes Dies Suddenly In Indianapolis

Indianapolis.—Paul J. Stokes, connected with the National Retail Hardware Association, and Treasurer of the Indianapolis Association of Credit Men, died quite suddenly on the morning of Washington's Birthday.

Mr. Stokes had been ill only about ten days and it was not thought that his condition was very serious, so his sudden death came as a very decided shock to his wide circle of friends in the Indianapolis area. Mr. Stokes through his connection with the National Retail Hardware Association had been a leader of credit thought in that organization and has also given freely of his time and effort for the Indianapolis Association of Credit Men.

Foreign Traders Will Meet for Round Table Forum on March 30th

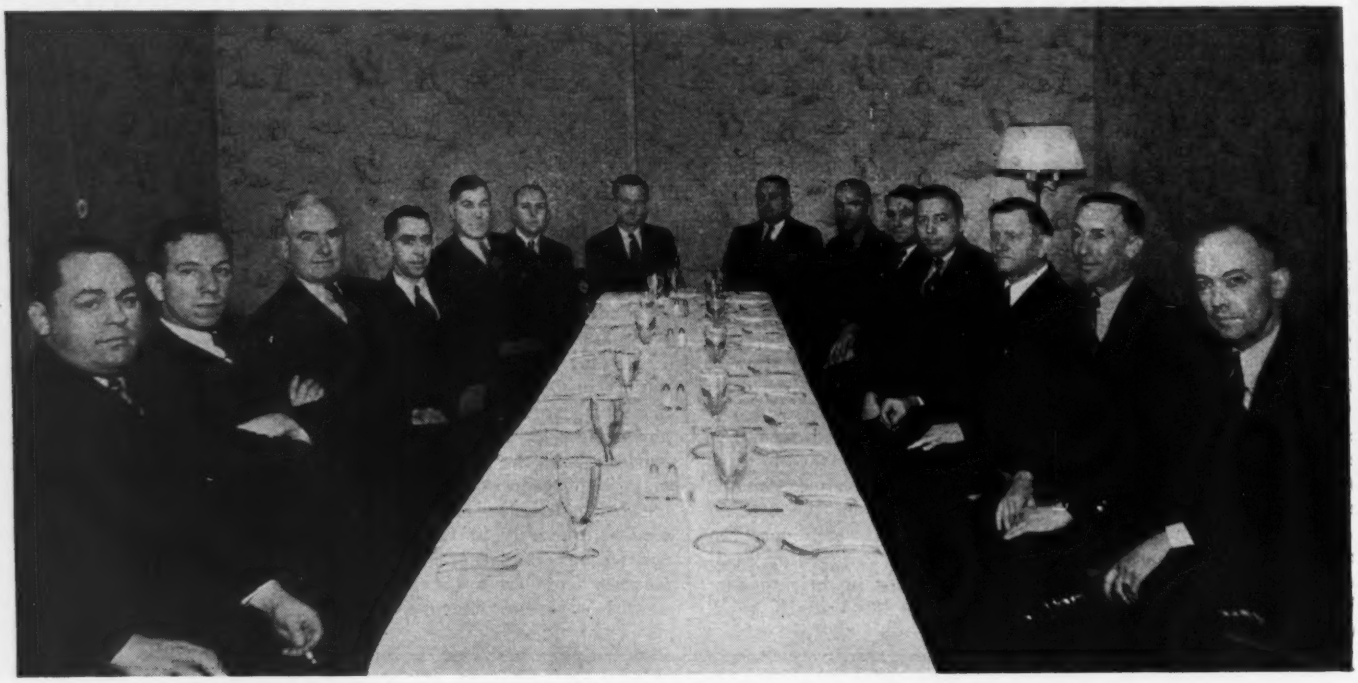
New York.—The Export Managers Club of New York, in conjunction with the Foreign Credit Interchange Bureau of the National Association of Credit Men, has announced a big meeting at Hotel Pennsylvania for March 30th. Former National President P. M. Haight, who is Secretary-Treasurer of the International General Electric Company, will lead the discussion on foreign credits, collections and exchange. This will be conducted in the form of a round-table discussion, the questions being supplied in advance by those planning to attend. The chairman is aranging to have speakers on hand to answer all of the questions presented.

Owen J. Dempsey Is New Oakland President

Oakland.—Owen J. Dempsey, of Dempsey and Sanders, was elected President, B. E. Bryan, President of Strable Hardwood Company, was named Vice-President, and Robert Karger, an Accountant, was selected as Treasurer, of the Wholesalers Credit Association of Oakland, at the annual meeting held on February 11th.

Retiring President Homer B. Scarborough was presented with a suitably engraved gavel and also a beautiful desk lamp by the members of the Board of Directors.

In Bay City Area:- The Men Behind the Association



The Board of Directors and Credit Methods and Practices Committee of the Northern Wisconsin-Michigan Association of Credit Men

From left to right: E. J. Perry, Lloyd Manufacturing Co., Menominee; A. L. Papenfuss, Employers Mutuals, Wausau; O. D. Stewart, Kellogg-Citizens National Bank; N. J. Michels, Cohodas Bros. Co.; E. A. Lindberg, Northern Paper Mills; R. C. Creviston, Secretary; F. V. Zahorik, Shefford Cheese Co., Chairman, Committee; R. J. Decker, Green Bay Food Co., President, Association; A. M. Hoffman, Lloyd Mfg. Co., Menominee; John Ross, Diana Mfg. Co.; R. C. Flom, Menasha Products Co., Menasha; W. C. Grimmer, Joannes Bros. Co.; Wallace Puerner, A. Kickbusch Groc. Co., Wausau; C. L. Bassett, Fairmont Creamery Co.

Few organizations have equal opportunities with the Associations of Credit Men for service. Some are professional in nature. Their primary objective is the improved status of their members. Others direct their efforts toward the betterment of business in an industry or a community. Still others work for better social conditions.

The Association of Credit Men properly organized and alive to its many opportunities for service as they are recognized in the Northern Wisconsin-Michigan Association of Credit Men at Green Bay, Wisc., for illustration, does not confine its activities to any single sphere of action. It recognizes that improved credit conditions mean advantages for business in greater profits, advantages to the community in lower living costs, and advantages to the credit fraternity, individually and collectively, beyond all measure.

Were it not for the Association, credit management today would probably have little recognition in the business community. The efforts each individual has made in behalf of his local Association is an investment which has paid him splendid dividends as an individual. Yet, no matter how great those dividends may have been to the individual, they were, nevertheless, of even greater value to the business community.

A point in common in all organizations is that each has its basic purpose the development of facts—facts which must be known if the individual and the community are to profit from the activity.

No wonder then that throughout the country there are groups of individuals, such as those in the Northern Wisconsin-Michigan Association of Credit Men, which have as one of their principal purposes lending their support and assistance to the maintenance of a Credit Interchange Bureau System. These groups realize the necessity for an exchange of the vital facts—the buying and paying habits of those with whom they deal on a credit basis.

Paint Men to Hold 3 Meets At Convention

The sessions of the Paint, Varnish & Allied Group divisions at the National Convention in Chicago next June will be held on different days according to an announcement just made by the officers of the Group.

Fred J. Hamerin, of the Lilly Varnish Company, Indianapolis, is Chairman of the Credits and Collections Committee. His committee will meet on Monday, June 21st, the opening day of the Convention. The Trade Sales Division, under the co-chairmanship of Leo E. Schroeder, of George E. Watson Company, Chicago, and Carl Lueders, of Sunnyside Oil Company, Chicago, will meet on Tuesday. The Industrial Sales Division, under the chairmanship of Mr. Hamerin will meet on Wednesday. This plan will afford each delegate from these industries an opportunity to attend all divisional meetings and thus take part in all of the activities of this important group.

N. Y. Chapter Now Boasts of 500 Members

New York.—Frank C. Howell, president of the New York Chapter, National Institute of Credit, announces that 350 persons are now enrolled in the various classes conducted by the Institute during the current term. This is the best enrollment enjoyed by the New York Chapter in its history.

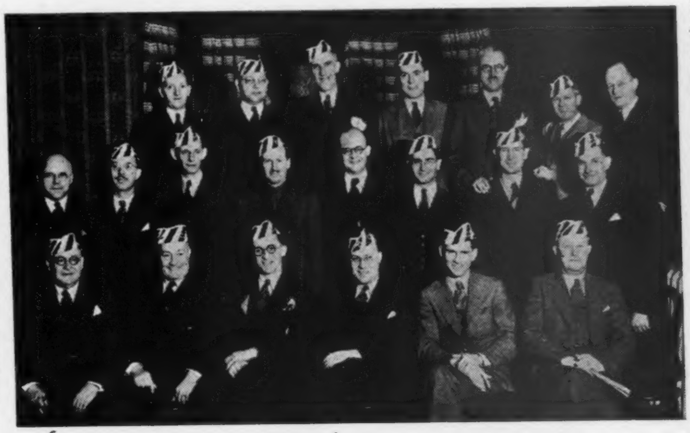
The large registration this year made it necessary to add a new class covering the fundamentals of credit and collection.

A class in public speaking was started on **January 26th.**

The membership of the New York Chapter now is in excess of 500 members. Forum meetings are conducted each month at which discussions of important credit subjects are presented.

In his report covering the activity of the New York Chapter, President Howell complimented the excellent work of Mr. L. B. Wilson of the National Carbon Company, who is the Chapter vice president in charge of education and also the work of Mr. Richard M. McCormack, Wm. Iselin & Co.

ZEBRAFFAIRS



Cleveland R.O.Z. Herd No. 9

First Row (Seated) reading from left to right: W. E. Rice, Honorary Member; Fred Roth, The Whitney-Roth Shoe Company; O. H. Root, The Bishop & Babcock Manufacturing Company; L. W. Stolte, Fairbanks, Morse & Company; R. K. Shupp, The J. Spang Baking Company and J. Paul Riley, North American Coal Corporation.

Middle Row—reading from left to right: J. E. Hamm, Weppner-Weil Company; L. Frank Wharton, Assistant Secretary; H. T. Olson, General Electric Supply Corporation; C. R. Lonsdale, The Burrows Bros. Company; J. C. Knox, Swift & Company; M. J. Day, Land O'Lakes Creameries, Inc.; Paul Whiteman, Insurance; E. H. Rotsinger, Credit Interchange Bureau.

Top Row—reading from left to right: W. E. Caldwell, Jr., Central National Bank; H. deBeauclair, The Cleveland Wire Spring Company; Glen Wright, Booth Fisheries Corporation; G. H. Mitchell, Swift & Company; C. R. Metcalf, The Oster Manufacturing Company; E. S. Sisson, The Cleveland-Cliffs Iron Company; Hugh Wells, Secretary.

The Cleveland Herd of Zebras No. 9 have an active membership of 33 at the present time. The picture was taken at one of their recent ceremonials showing a part of the members.

This Herd was organized in December, 1934, and was one of the first Herds in the Central Division. They have enjoyed the honor of assisting in organizing the Herds in Detroit and Pittsburgh.

Early in 1935 Detroit invited the Cleveland officers to their fair city where about 30 members were initiated and officers elected, the Cleveland Herd installing the officers.

Pittsburgh sent their first candidates to Cleveland for initiation which was the beginning of a Herd there.

Later in the same year, Paul Fielden of the Norton Company, Worcester, Mass., who was Vice President of the National Association, visited Cleveland and was initiated, taking the work in full and missed nothing.

In 1936 the Cleveland Herd voted an Honorary Membership to Jeff O'Keefe of Chicago after he had qualified by producing a new member for the Cleveland Association.

New officers have been elected and under the able guidance of Les Stolte, Exalted Superzeb, the Cleveland Herd are expecting big things in 1937. The Herd is planning now to send a sizable delegation to the National Convention at Chicago in June.

Any Herds interested in the installation of officers ritual are invited to write Cleveland for details.

Floyd A. Ferguson is a new Exalted Superzeb of the Pittsburgh Herd of the Royal Order of Zebras. Walter C. Burson is now "M.N.A.A.", Fred T. Menges is "R.J.", Byron A. Stump is "T.H.P.B.", and Joseph A. Solinsky is "K.Z.". At the last round-up of the Pittsburgh Herd the members paid glowing tribute to the leadership of retiring Exalted Superzeb Richard H. Fried, who has been instrumental in doubling the membership of the Herd during the term of his office. F. W. Reisacher past "M.N.A.A." also was given a vote of thanks for his excellent service to the Pittsburgh Association. Charles Johnston, President of the Pittsburgh Association and Richard H. Fried, L. A. Orrill, J. H. Lucas, Clyde F. Davis and Sam R. Coey, were presented with gold Zebra keys as mementos of their excellent work in the conduct of the Royal Order of Zebras in the Pittsburgh area.

The 21st Herd of Royal Order of Zebras has been chartered at the Arizona Association of Credit Men, at Phoenix, Arizona. There is now a hot race between two other associations as to which one will qualify for the 22nd Charter of R.O.Z.

The Supreme Herders and Grand Zebrataries of R.O.Z. have been contacting several cap manufacturers with the idea of providing a lighter weight cap for use by herd members at Zebra functions. One of the difficulties encountered in this effort is finding a material strong enough to provide a dressy cap and, at the same time, give the striped effect which associates the cap with the Zebra Order.

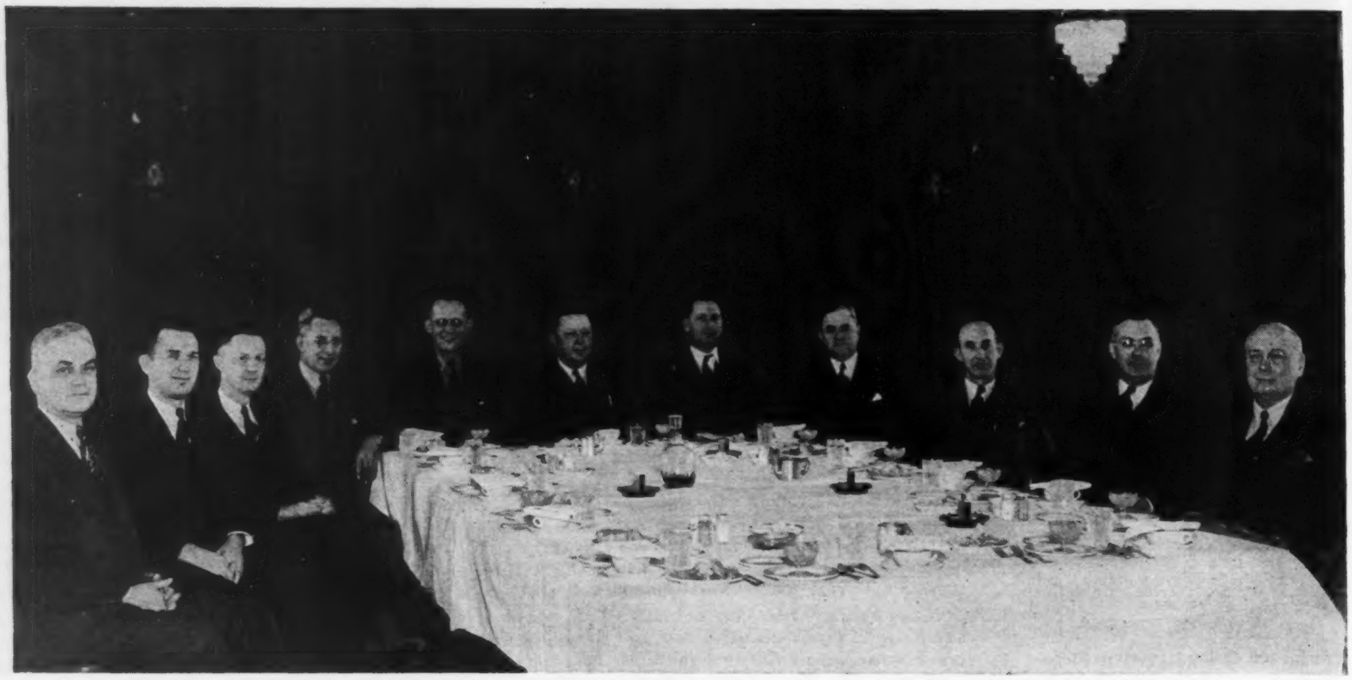
On January 12th the combined round-up of the Tacoma and Seattle Herds was held at the Union Club in Tacoma when nine Quaggas were given added stripes.

On February 13th at Fresno all of the Herds in the California area gathered for a business program and entertainment. A number of initiates were also put though the R.O.Z. at this session. Zebras to the number of more than a hundred attended from San Francisco, Oakland, Los Angeles, San Diego, and Fresno.

Sioux Falls Will Act as Host on March 19-20th

Sioux Falls.—The Sioux Falls Association of Credit Men will be host at the 1937 session of the South Dakota, Nebraska, Iowa Conference of Credit Managers, on March 19th and 20th. This tri-state conference is trying a new method of providing the funds for conference expenses this year through an assessment of $1.50 per member for this purpose. Another new plan adopted this year is that each association in the conference area is assigned a program subject and is expected to provide speakers to discuss that subject at the conference session.

In Oklahoma City:- The Men Behind the Association



The Board of Directors of the Oklahoma Wholesale Credit Men's Association

From left to right: Clarence E. Lauhon, Baker-Hanna-Blake Co.; M. D. Pemberton, Patterson & Hoffman; Carl S. Dalbey, Oklahoma City Hardware Co.; H. W. Hardy, Chas. M. Sledd Mercantile Co.; Emmett E. Barbee, Secretary; Harry S. Cook, Cook Supply Company, President; W. E. Titus, Titus Radio Corp., Vice-President; J. Carl Fowler, Armour & Company; George Stone, M. H. Stephens Produce Co.; Justin B. Faherty, First National Bank & Trust Co., Treasurer; Walter M. Sturges, Anderson-Prichard Oil Corp.

Mention is often made that the National Association of Credit Men is the second largest business organization in the country. When one considers the many associations and organizations representing various phases of the business structure, the question presents itself—Why should the credit organization be so prominent in the field?

The answer is, of course, that credit activities have no limitations by industries, communities, or sections. The basic principles of credit which apply in Oklahoma City, Okla., are identical with those applicable in every other section of the country.

The Oklahoma City Association is a local organization, serving as the focal point and counsellor for credit in the local community. It is a part of the National organization as well, because it recognizes that there cannot and must not be credit walls around their community.

The merchant in the Oklahoma City territory must buy in other markets. The creditors in the other markets have a mutual interest with the creditors in the local market. The success of one creditor depends in minor degree upon his own handling of an account and in a major degree upon the treatment of the account by other creditors. The first essential then to the maintenance of an intelligent inter-creditor relationship is an exchange of information covering the essential fact—the status of the customer with each of his creditors.

The Oklahoma City Association does its part in this exchange of information by the maintenance of its Credit Interchange Bureau, a link of the National Credit Interchange Clearance System.

Congress topics

(*Cont. from p.* 26) of Active Interest in the Association Among Others in Our Own Industry."

It is urged by Mr. Kay that all credit men connected with manufacturers of machinery or industrial equipment, whose products are not covered by a specific group, attend the meetings of the Machinery Manufacturers. Discussion leaders, he adds, will be outstanding credit men.

When the DISTILLERS AND LIQUOR PRODUCERS assemble at the forthcoming Credit Congress of Industry they will be welcomed by their National Chairman, L. D. Duncan, of New York City, general credit manager, National Distillers Products Corporation.

L. D. Duncan

Mr. Duncan contemplates two round table discussions and two addresses on subjects of importance to the industry, one on Monday afternoon and one on Tuesday afternoon. In addition there will be several periods for general discussion of credit group problems affecting the distillers.

There is no doubt but that the CLOTHING & MEN'S WEAR CREDIT GROUP conference will be one of the most successful meetings which the group has ever held.

I. N. Haskell

The Group's Co-chairmen, I. N. Haskell, Alfred, Decker & Cohn, Inc., Chicago, and C. L. Bonson, Allen-A Co., Kenosha, Wisconsin, have already prepared a tentative draft of activities. Mr. Haskell sums them up as follows:

"During past conventions, especially the last five or six, our group meetings have been very much worthwhile. Leading credit men and women—as far west as California, as far east as New York—have met with those from the south and middle west in a frank and serious effort to solve mutual problems and to effect closer cooperation.

"To those who've attended these group meetings, no second invitation will be required. They'll be present because they know we have an enthusiastic group, willing and anxious to get down to cases and put actual facts before the meeting for discussion. To the others we say: Meet with us in Chicago next June. Let's sit down together, analyze the credit situation dispassionately, first from the academic viewpoint and then from the practical viewpoint, and finally work out a constructive and intelligent plan.

"In all probability the program will include a discussion by a leading economist of the curent economic situation, with the emphasis placed on the effects on our industry, and a discussion by the head of an important house in our field on the responsibilities of a credit manager under present conditions. A luncheon for the group will be arranged, and the second session will undoubtedly be devoted to prepared talks on practical problems by members of our group, followed by general discussions."

George G. Marguerat, Butler Paper Company, Detroit, Michigan, National Chairman, FINE PAPER CREDIT GROUP, has just announced the appointment and acceptance of G. J. Whinnery, McClellan Paper Company, Minneapolis, as vice chairman for that district.

George G. Marguerat

Mr. Whinnery will cooperate with the Chicago district vice chairman, Samuel Wulfsohn (Wulfsohn) Berkshire Paper Company, Chicago in the operation of the Fine Paper meetings during the Credit Congress of Industry. Mr. Wulfsohn will preside at the opening session on Monday, June 21st, and is responsible for that day's program. He has tentatively completed his schedule and will be able to announce his plans when speaker acceptances have been received.

On Tuesday Mr. Marguerat is to give a short talk on the accomplishments of the Fine Paper Credit Group in Detroit.

This will be followed by open discussion from the floor and address by L. E. Phelan, manager of the trade group department, Detroit Association of Credit Men. His subject will be "Credit Control From the Customer's Viewpoint."

Chairman Marguerat expects the completion of the program for the Fine Paper Group within three weeks.

The important CONFECTIONERY MANUFACTURERS CREDIT GROUP headed by National Chairman I. R. Wagar, E. J. Brach & Sons, Chicago, has completed initial plans for their Credit Congress of Industry meetings.

I. R. Wagar

Mr. Wagar plans a nation wide survey among members of the Confectionery industry to determine "Various Methods Used in Their Credit Departments in Order to Bring Out How Thoroughly Accounts Are Investigated Before Orders Are Shipped": "How Often Accounts Are Followed And How Frequent Salesman's Guarantee of Account Is Accepted": "What Accounts Are Turned Over for Collection and the Percentage of Collections to Sales and Accounts Receivable."

The information thus gathered will be released and discussed during the convention under the caption "Modern Credit Department Operations." In announcing this imposing investigation of actual practice, Mr. Wagar said that it might be well to develop several other questions and ideas in order to enlighten credit men and women with methods used and followed by other companies.

"Methods of Group Meetings" is another discussion subject. The speakers will be representatives of various groups from different sections of the country who will describe how their group meetings are conducted and what information is exchanged. They will support their information with forms and actual working copies.

"Sales-Minded Credit Letters" will also have a place on the program.

A fourth subject which will be handled by the Confectionery Manufacturers will be "A Credit Department as the Credit Manager Sees It." The Subject will be discussed by a nationally known sales manager within the industry.

"Why the Credit Manager," will be used as a vehicle to explain and make clear the importance of the credit manager, his function in any organization and his position in connection with other phases of operation.

National Chairman A. E. Southgate, Philadelphia & Reading Coal & Iron Co., Philadelphia, Pa., reports the appointment of W. T. Ledger, Republic Coal & Coke Co. as National Vice-Chairman, Central Division of the COAL GROUP.

Other group programs will appear in these pages in the April issue. Watch for them.

Lo, the poor "grad"

The effect of the depression upon the employment opportunities and salaries of college graduates is indicated in the reports of two studies on the experience of Purdue University graduates in getting jobs. Only 2.9 percent of the 1929 graduates reporting employment status had not secured a job either before graduating or within 3 months after graduating, while the corresponding percentage for the reporting members of the 1933 graduating class was 26.5. The contrast is also very sharp between the beginning salaries of the 1929 and 1933 graduates. The figures for 1935 in regard to both employment status and salaries are, in most instances, better than those for 1933.